

**LUCKY MAN CREE NATION**

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

**Lucky Man Cree Nation**

**Index to the Program Schedules of Revenue and Expenses and Surplus (Deficit)**

March 31, 2019

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### **Management Responsibility**

To the Members of Lucky Man Cree Nation:

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

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Lucky Man Cree Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Cree Nation's external auditors.

Gabriel Ng CPA P.C. Inc. is appointed by the Council to audit the financial statements and report directly to them; their report follows.

The external auditor has full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

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Crystal Albert, Band Manager of Lucky Man Cree Nation

April 23, 2021

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Lucky Man Cree Nation:

**Opinion**

I have audited the financial statements of **Lucky Man Cree Nation** (the “Cree Nation”), which comprise the statement of financial position as at **March 31, 2019**, and the statements of operations and accumulated surplus, changes in net financial assets, surplus balances, cash flows, and the related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements present fairly, in all material respects, the financial position of **Lucky Man Cree Nation** as at **March 31, 2019** and the results of its operations, changes in net financial assets, surplus balances, cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Basis for Opinion**

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Cree Nation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis of my audit opinion.

**Other Matters**

The supplementary information contained in the accompanying schedules is presented for the purpose of additional information to the membership and Indigenous Services Canada and does not form part of the financial statements. The schedules have not been audited other than in the course of my audit of the financial statements to the extent necessary to allow myself to render an opinion thereon.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Cree Nation’s financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my 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 I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 the 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 the Cree Nation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization 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.

I 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 I identify during my audit.

*Gabriel Ng CPA P.C. Inc.*

**Lucky Man Cree Nation**

**Statement of Financial Position as at March 31**

	2019	2018
<b>Financial Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 3)	\$ 28,376	\$ 24,603
Accounts receivable (Note 4)	151,122	90,905
Investments (Note 5)	-	-
Restricted cash (Note 6)	693,684	673,078
	<hr/> 873,182	<hr/> 788,586
<b>Non-Current Assets</b>		
Funds Held in Trust (Note 7)	1,469,080	1,483,613
	<hr/> 2,342,262	<hr/> 2,272,199
<b>Financial Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable (Note 8)	76,590	92,321
Loan facility (Note 9)	394,695	301,688
	<hr/> 471,285	<hr/> 394,009
<b>Net Financial Assets</b>	<hr/> 1,870,977	<hr/> 1,878,190
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 10)	2,448	4,792
Prepaid expenses	386	-
	<hr/> 2,834	<hr/> 4,792
<b>Accumulated Surplus</b>	<hr/> \$ 1,873,811	<hr/> \$ 1,882,982
Economic Dependence (Note 11)		

Approved on behalf of Chief and Council

Chief

Councillor

**Lucky Man Cree Nation**

**Statement of Operations and Accumulated Surplus for the Year Ended March 31**

	2019 Budget	2019 Actual	2018 Actual
	(Note 12)		
<b>Revenue</b>			
Indigenous Services Canada (Note 13)	\$ 278,891	\$ 304,016	\$ 278,891
Battlefords Tribal Council	15,000	10,976	12,200
Battlefords Agency Tribal Chiefs	10,000	36,278	15,539
First Nations Trust	45,000	75,997	47,143
Land lease income	16,000	33,907	40,270
Interest income and earnings distributions	80,100	155,486	115,976
Other income and recoveries	-	28,331	250
Administration fee (Note 14)	6,500	7,843	8,050
	<u>451,491</u>	<u>652,834</u>	<u>518,319</u>
<b>Unexpended Revenue</b>			
Prior year	3,694	-	3,694
Current year	-	-	-
	<u>455,185</u>	<u>652,834</u>	<u>522,013</u>
<b>Expenses</b>			
Band Support (Schedule A)	179,245	232,888	188,387
Education (Schedule B)	50,271	58,777	66,555
Community Infrastructure (Schedule C)	60,300	48,033	53,458
Land Development (Schedule D)	69,000	67,918	69,200
Ottawa Trust Funds (Schedule E)	-	-	-
Health (Schedule F)	40,000	48,302	54,557
Other Project Revenue (Schedule G)	124,000	203,743	154,370
	<u>522,816</u>	<u>659,661</u>	<u>586,527</u>
<b>Surplus (Deficit) Before Other Items</b>			
	(67,631)	(6,827)	(64,514)
<b>Other Income (Expenses)</b>			
Depreciation recorded	(2,344)	(2,344)	(2,344)
Change in investment equity	-	-	-
	<u></u>	<u></u>	<u></u>
<b>Annual Surplus (Deficit)</b>			
	(69,975)	(9,171)	(66,858)
<b>Accumulated Surplus, Beginning of the Year</b>	<u>1,882,982</u>	<u>1,882,982</u>	<u>1,949,840</u>
<b>Accumulated Surplus, End of the Year</b>	<u><b>\$ 1,813,007</b></u>	<u><b>\$ 1,873,811</b></u>	<u><b>\$ 1,882,982</b></u>

The accompanying notes are an integral part of these financial statements

**Lucky Man Cree Nation**

**Statement of Changes in Net Financial Assets for the year ended March 31**

	2019 Budget (Note 12)	2019 Actual	2018 Actual
Surplus (Deficits) for the year before depreciation	\$ (67,631)	\$ (6,827)	\$ (64,514)
Changes in Prepaid Expenses	-	(386)	2,400
Increase (Decrease) in Net Financial Assets	(67,631)	(7,213)	(62,114)
Balance of Net Financial Assets, beginning of the year	<u>1,878,190</u>	<u>1,878,190</u>	<u>1,940,304</u>
Balance of Net Financial Assets, end of the year	<b><u>\$ 1,810,559</u></b>	<b><u>\$ 1,870,977</u></b>	<b><u>\$ 1,878,190</u></b>

**Lucky Man Cree Nation**

**Statement of Changes in Surplus Balances for the year ended March 31**

	<u>2019</u>	<u>2018</u>
<b>Surplus, Appropriated for Education</b>		
Surplus, beginning of the year	\$ 702,369	\$ 702,369
Transfer from Unappropriated Surplus	-	-
Surplus, end of the year	<u>702,369</u>	<u>702,369</u>
<b>Surplus, Appropriated for Tangible Capital Assets</b>		
Surplus, beginning of the year	4,792	7,136
Amortization of tangible capital assets	(2,344)	(2,344)
Restricted Fund, end of the year	<u>2,448</u>	<u>4,792</u>
<b>Surplus, Operating</b>		
Surplus, beginning of the year	1,175,821	1,240,335
Surplus (Deficit) for the year	(6,827)	(64,514)
Transfer from Unappropriated Surplus	-	-
Surplus, end of the year	<u>1,168,994</u>	<u>1,175,821</u>
<b>Accumulated Surplus</b>	<u><u>\$ 1,873,811</u></u>	<u><u>\$ 1,882,982</u></u>

**Lucky Man Cree Nation**

**Statement of Cash Flow for the year ended March 31**

	2019	2018
<b>Cash provided by (used for) the following activities</b>		
<b>Operating Activities</b>		
Annual surplus (deficit)	\$ (9,171)	\$ (66,858)
Non-cash items		
Amortization	2,344	2,344
	<u>(6,827)</u>	<u>(64,514)</u>
Changes in non-cash working capital accounts		
Accounts receivable	(60,217)	(39,804)
Prepaid expenses	(386)	2,400
Accounts payable	(15,731)	58,551
Unexpended revenue	-	(3,694)
	<u>(83,161)</u>	<u>(47,061)</u>
<b>Financing Activities</b>		
Increase (Decrease) in funds obtained from loan	<u>93,007</u>	-
<b>Investing Activities</b>		
(Increase) Decrease in funds held in trust	<u>14,533</u>	65,213
Increase (Decrease) in Cash Resources	24,379	18,152
Cash Resources, beginning of the year	<u>697,681</u>	679,529
Cash Resources, end of the year	<u><b>\$ 722,060</b></u>	<u><b>\$ 697,681</b></u>
<b>Cash Resources are represented by:</b>		
Cash and Cash Equivalents	\$ 28,376	\$ 24,603
Restricted Cash	<u>693,684</u>	<u>673,078</u>
	<u><b>\$ 722,060</b></u>	<u><b>\$ 697,681</b></u>

## Lucky Man Cree Nation

### Notes to the Financial Statements

March 31, 2019

#### **1. Description of Cree Nation Entity**

The Lucky Man Cree Nation (“the Cree Nation”) is located east of the Battlefords in the province of Saskatchewan, and provides various services to its membership. The Cree Nation has the smallest membership within Treaty 6.

#### **2. Significant Accounting Policies**

The financial statements are the representation of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

##### Reporting Entity

The financial statements consolidate the financial activities of all entities and departments comprising the Cree Nation reporting entity. Trusts administered on behalf of third parties by Lucky Man Cree Nation are excluded from the Cree Nation reporting entity.

The Cree Nation has consolidated the assets, liabilities, revenue, and expenses of the following entities and departments:

- Lucky Man Cree Nation

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.

##### Other Economic Interests

The Cree Nation does not either share in the control or the profit or loss of the following entities. As a result, the financial statement of the following entities has not been consolidated or proportionately consolidated with the financial statements of Lucky Man Cree Nation.

- The Cree Nation is a member of the Battlefords Tribal Council (BTC). The BTC is an organization of 7 Nations. The BTC is mandated to enhance the services provided to the member Nations in the areas of education, health, justice, technical services, and social development.
- The Cree Nation is a member of BTC Indian Child and Family Services Inc. (BTC ICFS). BTC ICFS is an organization of 3 Nations. The mandate of BTC ICFS is to ensure the protection of children.

## Lucky Man Cree Nation

### Notes to the Financial Statements

March 31, 2019

## **2. Significant Accounting Policies (Continued)**

### Basis of Presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with bank less outstanding cheques. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

### Restricted Cash

Restricted cash consists of funds held in trust for the education fund.

### Funds Held in Trust

Funds held in trust on behalf of Cree Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in the accumulated surplus. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions, the sale of land or other Cree Nation tangible capital assets; and,
- Revenue from trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Revenues from trust monies are recognized when measurable, earned, and collection is reasonably assured. These monies are reported on by the Government of Canada.

## Lucky Man Cree Nation

### Notes to the Financial Statements

March 31, 2019

#### **2. Significant Accounting Policies (Continued)**

##### Tangible Capital Assets

Tangible capital assets exceeding \$1,000 are initially recorded at cost, less accumulated amortization. Contributed tangible assets are recorded at their fair value at the date of contribution.

##### Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

Building	25 years straight line
General Equipment	10 years straight line
Roads	20 years straight line
Infrastructure	20 years straight line
Computers	4 years straight line

Projects under construction are not amortized until they are put into use.

The Cree Nation holds original reserve land. The value of this land is not recognized in the Cree Nation's financial statements.

##### Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

##### Net Financial Assets (Net Debt)

The Cree Nation's financial statements are presented to highlight net financial assets (debt) as the measurement of financial position. The net financial assets of the Cree Nation are determined by its financial assets less its financial liabilities. Net financial assets (debt) are comprised of two components, non-financial assets and accumulated surplus.

## Lucky Man Cree Nation

### Notes to the Financial Statements

March 31, 2019

## **2. Significant Accounting Policies (Continued)**

### Revenue Recognition

#### *Government transfers*

The Cree Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Cree Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

#### *Funding*

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

#### *Rental and lease income*

Revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the Cree Nation and when the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

#### *Other revenue*

Other revenues are earned from other services provided by the Cree Nation and are recognized when the services have been performed.

#### *Funds held in Ottawa Trust Fund and Education Trust*

Revenue is recognized when amounts can be reasonably estimated and collectability is known.

### Segment Reporting

The Cree Nation conducts its business through 7 reportable segments: Band Support, Education, Community Infrastructure, Land Development, Ottawa Trust Funds, Health, and Other Project Revenue. These operating segments are established by senior management to facilitate the achievement of the Cree Nation's long term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in the significant accounting policies.

## Lucky Man Cree Nation

### Notes to the Financial Statements

March 31, 2019

## **2. Significant Accounting Policies (Continued)**

### Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Accounts receivable and members advance are assessed for collectability annually and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Estimates are based on the best information available at the time of preparation of financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

### Liability for Contaminated Site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Cree Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2019.

At each financial reporting date, the Cree Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized are accounted for in the period revisions are made. The Cree Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

No liability has been recorded at March 31, 2019

### Pension Plan

Lucky Man Cree Nation provides a defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount where the employee's contribution are matched by the Cree Nation.

### Financial Instruments

The Cree Nation's financial instruments consist of cash and cash equivalents, accounts receivable, restricted cash, funds held in trust, and accounts payable and accruals. Unless otherwise noted, it is management's opinion that the Cree Nation is not exposed to significant interest, credit, market, or currency risks arising from these financial instruments.

**Lucky Man Cree Nation**

**Notes to the Financial Statements**

March 31, 2019

**3. Cash and Cash Equivalents**

	<u>2019</u>	<u>2018</u>
Cash on deposit	\$ 29,876	\$ 20,287
Add outstanding deposits	-	4,466
Less cheques issued and outstanding	( 1,500)	( 150)
	\$ 28,376	\$ 24,603
	<hr/>	<hr/>

The funds are held within multiple major Canadian banking institutions. An overdraft facility of \$50,000 is available on a permanent basis, where the facility is secured by a general security agreement.

**4. Accounts Receivable**

	<u>2019</u>	<u>2018</u>
Members advances	\$ 36,476	\$ 119,076
Indigenous Services Canada	47,763	25,530
First Nations Trust – Gaming Monies	75,997	35,376
Battlefords Agency Tribal Chiefs	10,395	1,554
Other receivable and recoverable	1,664	-
Less: Allowances for uncollectible amounts	( 21,173)	( 90,631)
	\$ 151,122	\$ 90,905
	<hr/>	<hr/>

## Lucky Man Cree Nation

### Notes to the Financial Statements

March 31, 2019

#### **4. Accounts Receivable (Continued)**

##### ***Members advances***

The following is a breakdown of the outstanding member advances:

	<u>2019</u>	<u>2018</u>
Albert, Crystal	\$ 23,495	\$ 27,225
Bird, Leona	2,504	2,755
Buffalo, Joan	-	2,565
Gamble, Shirley	-	1,233
Okemow, Fonda	2,321	2,571
Okemow, Janet	924	924
Okemow, Joan	533	2,683
Okemow, Karen	2,405	2,655
Okemow, Louisa	1,950	-
Okemow, Monica	-	1,733
Okemow, Pauline	-	69,707
Okemow, Terrance	<u>2,344</u>	<u>5,025</u>
	<hr/>	<hr/>
	\$ 36,476	\$ 119,076
	<hr/>	<hr/>

For individual balances outstanding greater than \$3,000, a repayment plan was negotiated and implemented between the individual and the Chief and Council during this fiscal year-end.

#### **5. Investments**

Lucky Man Cree Nation is a member of the Battlefords Tribal Council. Battlefords Tribal Council, on behalf of its member Cree Nations, has invested in a number of companies which include holdings in property, hotels, and gaming. Lucky Man Cree Nation does not have a controlling interest in these entities and there has been no information provided to Lucky Man Cree Nation to value the investments.

**Lucky Man Cree Nation**

**Notes to the Financial Statements**

March 31, 2019

**6. Restricted Cash**

Funds received from the FSIN Gaming Trust Program are deposited directly into an investment account held at a major Canadian financial institution. Fund withdrawn from this investment account are for the purpose of education the members of the Cree Nation. Given the nature of the investment, the balance is not protected under Canadian Deposit Insurance Corporation in the event of bank failure. Management has determined that the resulting credit risk is low.

Balance, March 31, 2018	\$	673,078
Revenue from FSIN Gaming Trust		75,997
Less Trust Monies on Hold (Note 4)	(	75,997)
Investment revenue		61,826
Annual income disbursements to the operating bank account	(	35,291)
Disbursements for investment fees	(	5,929)
Balance, March 31, 2019	\$	693,684

**Lucky Man Cree Nation**

**Notes to the Financial Statements**

March 31, 2019

**7. Funds Held in Trust**

Capital and revenue trust funds are transferred to the Cree Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the Cree Nation's Council.

	<u>2019</u>	<u>2018</u>
<b>Capital Trust</b>		
Balance, beginning and end of the year	\$ 1,400,008	\$ 1,400,008
<b>Revenue Trust</b>		
Balance, beginning of the year	83,605	148,818
Land rental revenue	33,907	40,270
Interest revenue	46,560	32,517
Disbursements made	( 95,000)	( 138,000)
Balance, end of the year	<u>69,072</u>	<u>83,605</u>
Total funds held in trust, end of the year	\$ 1,469,080	\$ 1,483,613

The Ottawa Trust 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

A request to withdrawn \$95,000 was approved on the Cree Nation's Band Council Resolution (2018/19-11) for Band Council Expenses for reserve development. The funds were transferred from the Ottawa Trust Funds to the Operating Bank Account during this fiscal year.

## Lucky Man Cree Nation

### Notes to the Financial Statements

March 31, 2019

#### **8. Accounts Payable**

	<u>2019</u>	<u>2018</u>
Trade creditors and accrued liabilities	\$ 66,285	\$ 82,100
Advances from members	10,305	5,021
Source deductions payable	-	4,209
Employee benefits	-	991
	<hr/>	<hr/>
	\$ 76,590	\$ 92,321
	<hr/>	<hr/>

#### **9. Loan Facility**

A loan facility of \$446,900 from the First Nations Bank of Canada was made available in the fiscal year 2017 to the Cree Nation for the purpose of paying the cost related to the Treaties Annuity Claim against the Crown. As at March 31, 2019, the total amount of drawdown related to the facility is \$394,695 (2018: \$301,688).

It is anticipated that the settlement with the Crown will finalize during fiscal year 2021, and a portion of the settlement proceeds will be used to pay off the loan facility.

#### **10. Tangible Capital Assets**

	<u>2019</u>			<u>2018</u>		
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value		
Building	\$ 58,600	\$ 56,152	\$ 2,448	\$ 2,448	\$ 4,792	\$ 4,792
Computer	7,917	7,917	-	-	-	-
Roads	15,995	15,995	-	-	-	-
Infrastructure	26,592	26,592	-	-	-	-
Water lines	<hr/> 1,103	<hr/> 1,103	<hr/> -	<hr/> -	<hr/> -	<hr/> -
	<hr/> \$ 110,207	<hr/> \$ 107,759	<hr/> \$ 2,448	<hr/> \$ 2,448	<hr/> \$ 4,792	<hr/> \$ 4,792
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### **11. Economic Dependence**

The Cree Nation receives a significant portion of its revenue from Indigenous Services Canada ("ISC") as a result of treaties entered into with the Government of Canada. These treaties are administered by ISC under the terms and conditions of the *Indian Act*. The ability of the Cree Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

**Lucky Man Cree Nation**

**Notes to the Financial Statements**

March 31, 2019

**12. Budgeted Information**

The disclosed budget information was prepared by management and was approved by the Chief and Council of Lucky Man Cree Nation for the 2019 fiscal year. The disclosed budget was required to be presented on the same basis as the actual results.

**13. Indigenous Services Canada**

The Cree Nation has entered into funding arrangements with ISC. The funds are used by the Cree Nation to administer its operations and provide services to its members in accordance with the terms of the funding arrangements. Funding received under these contribution agreements is subjected to repayment if the Cree Nation fails to comply with the terms and conditions of the agreements.

**14. Administration fee**

The Cree Nation has allocated an administration fee expense equal to 10% of the eligible expenditures under the Post-Secondary Education program as well as Community Infrastructure . The administration fee revenue is recognized under Band Support.

**15. Pension Agreement**

The Cree Nation provides a defined contribution plan for eligible members of its staff. The Cree Nation matches employee's contributions. The amount to be received by employees will be the amount of retirement annuity that could be purchased based on the employee's share of the pension plan at the time of the employee's withdrawal from the plan.

**16. Comparative Figures**

Certain comparative figures have been reclassified to conform with current year's presentation.

## Lucky Man Cree Nation

### Notes to the Financial Statements

March 31, 2019

## **17. Risk Management**

### Risks and concentrations

The Cree Nation does not believe it is subject to any significant concentration of currency risk.

Cash and cash equivalents are in place with major financial institutions.

The following analysis provides a measure of the Cree Nation's risk exposure as at March 31, 2019.

### Liquidity risk

Liquidity risk is the risk that the Cree Nation will encounter difficulty in meeting obligations associated with financial liabilities. The Cree Nation is exposed to this risk mainly in respect of its accounts payable. This risk is actively monitored by management.

### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Cree Nation's main credit risks relate to its advance receivable. This risk is mitigated by having the individuals who requests an advance to have a repayment plan in place.

### 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 is exposed to interest rate risk on its fixed and floating interest rate financial instruments, which includes cash and cash equivalents, term deposits, and term debt. Fixed-interest instruments subject the Cree Nation to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating rate instruments subject the Corporation to related cash flow risk.

## **18. Subsequent Events – Covid-19**

Since early 2020, the spread of Covid-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations and businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Cree Nation has determined that this event is a non-adjusting subsequent event. Accordingly, the financial position and results of operations as of and for the year ended March 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the Covid-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Cree Nation for future periods.

**Lucky Man Cree Nation**

**Schedule of Revenue and Expenses for the year ended March 31**

**Schedule A - Band Support**

	2019 Budget (Note 12)	2019 Actual	2018 Actual
<b>Revenue</b>			
Indigenous Services Canada (Note 13)	\$ 115,867	\$ 115,492	\$ 115,867
Administration fee (Note 14)	6,500	7,843	8,050
Expense recoveries	-	28,240	250
Interest	100	-	109
	<u>122,467</u>	<u>151,575</u>	<u>124,276</u>
<b>Expenses</b>			
Wages and benefits	116,245	124,566	131,810
Professional fees	25,000	25,591	23,600
Telephone	15,000	9,006	11,418
Election	2,000	46,212	-
Bad debt	1,000	-	924
Travel	10,000	17,837	9,351
Bank charges	3,000	2,097	2,923
Office supplies	5,000	6,037	4,183
Equipment purchases	1,000	1,366	880
Cultural	500	-	-
Meetings	500	176	1,632
Return to agency	-	-	1,666
	<u>179,245</u>	<u>232,888</u>	<u>188,387</u>
<b>Surplus (Deficit) for the year</b>	<b><u>\$ (56,778)</u></b>	<b><u>\$ (81,313)</u></b>	<b><u>\$ (64,111)</u></b>

**Lucky Man Cree Nation**

**Schedule of Revenue and Expenses for the year ended March 31**

**Schedule B - Education**

	2019 Budget	2019 Actual	2018 Actual
	(Note 12)		
<b>Revenue</b>			
Indigenous Services Canada (Note 13)	\$ 46,577	\$ 46,577	\$ 46,577
<b>Unexpended Revenue</b>			
Prior year	3,694	-	3,694
Current year	-	-	-
	<u>50,271</u>	<u>46,577</u>	<u>50,271</u>
<b>Expenses</b>			
Student living allowances	30,000	33,500	37,050
Tuition	15,114	19,934	23,355
Administration fee (Note 14)	4,657	5,343	6,050
Graduation	500	-	100
	<u>50,271</u>	<u>58,777</u>	<u>66,555</u>
<b>Surplus (Deficit) for the year</b>	<b><u>\$ -</u></b>	<b><u>\$ (12,200)</u></b>	<b><u>\$ (16,284)</u></b>

**Lucky Man Cree Nation**

**Schedule of Revenue and Expenses for the year ended March 31**

**Schedule C - Community Infrastructure**

	2019 Budget	2019 Actual	2018 Actual
	<u>(Note 12)</u>		
<b>Revenue</b>			
Indigenous Services Canada (Note 13)	\$ 55,943	\$ 55,943	\$ 55,943
<b>Expenses</b>			
Repairs	29,500	19,389	22,971
Office Rent	21,000	20,168	20,789
Insurance	2,300	2,677	2,443
Utilities	5,000	3,299	5,255
Administration fee (Note 14)	2,500	2,500	2,000
	<u>60,300</u>	<u>48,033</u>	<u>53,458</u>
<b>Surplus (Deficit) for the year</b>	<b>\$ (4,357)</b>	<b>\$ 7,910</b>	<b>\$ 2,485</b>

**Lucky Man Cree Nation**

**Schedule of Revenue and Expenses for the year ended March 31**

**Schedule D - Land Development**

	2019 Budget (Note 12)	2019 Actual	2018 Actual
<b>Revenue</b>			
Indigenous Services Canada (Note 13)	\$ 60,504	\$ 60,504	\$ 60,504
Expense recoveries	-	-	-
	<u>60,504</u>	<u>60,504</u>	<u>60,504</u>
<b>Transfer from</b>			
Ottawa Trust Funds (Schedule E)	10,000	-	10,000
	<u>70,504</u>	<u>60,504</u>	<u>70,504</u>
<b>Expenses</b>			
Wages and benefits	67,000	66,000	67,000
Travel	2,000	1,918	2,200
	<u>69,000</u>	<u>67,918</u>	<u>69,200</u>
<b>Surplus (Deficit) for the year</b>	<b>\$ 1,504</b>	<b>\$ (7,414)</b>	<b>\$ 1,304</b>

**Lucky Man Cree Nation**

**Schedule of Revenue and Expenses for the year ended March 31**

**Schedule E - Ottawa Trust Funds**

	2019 Budget	2019 Actual	2018 Actual
	(Note 12)		
<b>Revenue</b>			
Land lease income	\$ 16,000	\$ 33,907	\$ 40,270
Interest income	30,000	46,560	32,517
	<u>46,000</u>	<u>80,467</u>	<u>72,787</u>
<b>Transfer to</b>			
Land Development (Schedule D)	(10,000)	-	(10,000)
Health (Schedule F)	(25,000)	-	(25,000)
Other Project Revenue (Schedule G)	(25,000)	(25,000)	(25,000)
	<u>(14,000)</u>	<u>55,467</u>	<u>12,787</u>
<b>Expenses</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Surplus (Deficit) for the year</b>	<b>\$ (14,000)</b>	<b>\$ 55,467</b>	<b>\$ 12,787</b>

**Lucky Man Cree Nation**

**Schedule of Revenue and Expenses for the year ended March 31**

**Schedule F - Health**

	2019 Budget (Note 12)	2019 Actual	2018 Actual
<b>Revenue</b>			
Battleford Agency Tribal Council	\$ 10,000	\$ 36,278	\$ 15,539
Battleford Tribal Council	15,000	10,976	12,200
	<u>25,000</u>	<u>47,254</u>	<u>27,739</u>
<b>Transfer from</b>			
Ottawa Trust Funds (Schedule E)	25,000	-	25,000
	<u>50,000</u>	<u>47,254</u>	<u>52,739</u>
<b>Expenses</b>			
Cultural activities	13,500	27,630	13,524
Salaries and benefits	5,000	-	-
Member assistances	6,000	7,486	8,199
Travel	7,000	6,239	8,559
Treaty day	1,500	6,947	13,403
Elder services	1,000	-	3,500
Funerals and compassionate assistance	2,000	-	7,372
Wellness supplies	4,000	-	-
	<u>40,000</u>	<u>48,302</u>	<u>54,557</u>
<b>Surplus (Deficit) for the year</b>	<b><u>\$ 10,000</u></b>	<b><u>\$ (1,048)</u></b>	<b><u>\$ (1,818)</u></b>

**Lucky Man Cree Nation**

**Schedule of Revenue and Expenses for the year ended March 31**

**Schedule G - Other Project Revenue**

	2019 Budget (Note 12)	2019 Actual	2018 Actual
<b>Revenue</b>			
Indigenous Services Canada (Note 13)	\$ -	\$ 25,500	\$ -
First Nations Trust	45,000	75,997	47,143
Investment income	10,000	61,826	4,350
Earnings distribution	15,000	47,100	66,000
Outfitting fees	25,000	-	13,000
Expense recoveries	-	91	-
	<b>95,000</b>	<b>210,514</b>	<b>130,493</b>
<b>Transfer from</b>			
Ottawa Trust Funds (Schedule E)	<b>25,000</b>	<b>95,000</b>	<b>25,000</b>
	<b>120,000</b>	<b>305,514</b>	<b>155,493</b>
<b>Expenses</b>			
Professional fees	70,000	91,539	96,745
Wages and benefits	19,000	87,904	18,900
Per capita distributions	18,000	-	21,250
Bank charges	5,000	21,656	6,034
Honorarium	-	-	274
Meetings	-	-	4,868
Headdress purchases	5,000	-	-
Travel	5,000	2,644	6,299
Supplies	2,000	-	-
	<b>124,000</b>	<b>203,743</b>	<b>154,370</b>
<b>Surplus (Deficit) for the year</b>	<b>\$ (4,000)</b>	<b>\$ 101,771</b>	<b>\$ 1,123</b>