

# Mikisew Cree First Nation

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*For the year ended March 31, 2021*

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## Management's Responsibility

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To the Members of Mikisew Cree First Nation:

The accompanying consolidated financial statements of Mikisew Cree First 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 consolidated 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 consolidated financial statements.

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

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

November 23, 2021

Originally signed by Doreen Cardinal-Somers

Chief Executive  
Officer

## Independent Auditor's Report

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To the Members of Mikisew Cree First Nation:

### Qualified Opinion

We have audited the consolidated financial statements of Mikisew Cree First Nation and its subsidiaries (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations, accumulated operating surplus, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Nation as at March 31, 2021, and the results of its consolidated operations, its consolidated remeasurement gains and losses, changes in its consolidated net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Qualified Opinion

Canadian public sector accounting standards require the disclosure of relevant financial information of subsidiary businesses which are accounted for using the modified equity method. The Chief and Council instructed management to exclude the disclosure of condensed financial information related to assets, liabilities, revenues and expenses of subsidiary business operations from Note 5 of the consolidated financial statements.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

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

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

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 the 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 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 consolidated 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 the Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

November 23, 2021

Fort McMurray, Alberta

*MNP LLP*

Chartered Professional Accountants

**Mikisew Cree First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2021*

|   | 2021               | 2020               |
|---|--------------------|--------------------|
| <b>Financial assets</b>                                   |                    |                    |
| Cash resources  | 14,032,106         | 10,467,775         |
| Restricted cash (Note 2)                                  | 444,252            | 442,000            |
| Accounts receivable (Note 3)                              | 3,759,130          | 3,499,747          |
| Inventory and work in progress (Note 4)                   | 1,359,536          | 1,360,303          |
| Investment in Nation business entities (Note 5)           | 62,002,171         | 46,610,954         |
| Land claims assets (Note 6)                               | 35,178,199         | 33,440,583         |
| Mikisew Cree Whachask Trust investments (Note 7)          | 56,963,810         | 57,862,728         |
| Oti-Nikan Community Trust (Note 8)                        | 6,294,831          | -                  |
| <b>Total of financial assets</b>                          | <b>180,034,035</b> | <b>153,684,090</b> |
| <b>Liabilities</b>  |                    |                    |
| Accounts payable and accruals                             | 5,494,740          | 5,419,739          |
| Agricultural benefits claim member distributions (Note 9) | 49,116,470         | 66,143,694         |
| Deferred revenue (Note 10)                                | 12,566,903         | 4,912,173          |
| Long-term debt (Note 11)                                  | 6,688,199          | 7,056,780          |
| <b>Total of financial liabilities</b>                     | <b>73,866,312</b>  | <b>83,532,386</b>  |
| <b>Net financial assets</b>                               | <b>106,167,723</b> | <b>70,151,704</b>  |
| <b>Commitments and guarantees</b> (Note 12), (Note 13)    |                    |                    |
| <b>Significant events</b> (Note 19)                       |                    |                    |
| <b>Non-financial assets</b>                               |                    |                    |
| Tangible capital assets (Note 14) (Schedule 1)            | 43,207,896         | 34,176,952         |
| Prepaid expenses  | 326,598            | 15,971             |
| <b>Total non-financial assets</b>                         | <b>43,534,494</b>  | <b>34,192,923</b>  |
| <b>Accumulated surplus</b>                                | <b>149,702,217</b> | <b>104,344,627</b> |
| <b>Accumulated surplus is comprised of:</b>               |                    |                    |
| Accumulated surplus                                       | 144,039,859        | 110,374,450        |
| Accumulated remeasurement gains (losses)                  | 5,662,360          | (6,029,823)        |
|   | <b>149,702,219</b> | <b>104,344,627</b> |

Approved on behalf of the Council

Originally signed by Peter Powder

Chief

Originally signed by Ronald Campbell

Councilor

**Mikisew Cree First Nation**  
**Consolidated Statement of Operations**  
*For the year ended March 31, 2021*

|  | <i>Schedules</i>  | <i>2021<br/>Budget</i> | <i>2021</i>       | <i>2020</i> |
|--|-------------------|------------------------|-------------------|-------------|
| <b>Revenue</b>                                   |                   |                        |                   |             |
| Indigenous Services Canada                       | 12,564,030        | 16,894,395             | 10,221,242        |             |
| ISC funding carried forward from prior years     | -                 | 79,755                 | 420,020           |             |
| Government of Alberta                            | 425,000           | 563,006                | 4,691,321         |             |
| First Nation Development Fund Grants             | 906,201           | 517,030                | 569,635           |             |
| Aboriginal Skills Employment & Training Services | 466,180           | 787,916                | 414,156           |             |
| Canada Mortgage and Housing Corporation          | 1,003,500         | 195,620                | 306,032           |             |
| <b>Total government funding</b>                  | <b>15,364,911</b> | <b>19,037,722</b>      | <b>16,622,406</b> |             |
| Industry relations                               | 2,820,144         | 5,700,390              | 6,827,125         |             |
| Industry related funds                           | 3,383,247         | 39,370                 | 6,971,344         |             |
| Investment income                                | 1,155,000         | 1,042,407              | 1,351,597         |             |
| Technical Services revenue                       | 1,475,000         | 1,251,124              | 2,494,411         |             |
| Whachask Trust investment income                 | -                 | 4,999,407              | 3,142,809         |             |
| Oti-Nikan income                                 | -                 | 6,326,215              | -                 |             |
| Other revenue (Note 15)                          | 6,180,816         | 1,995,053              | 1,332,012         |             |
| Receipts from MCFN Community Trust               | 1,096,406         | -                      | -                 |             |
| Kitaskino Nuwenene Wildland Park                 | -                 | -                      | 3,315,569         |             |
| <b>Total revenue</b>                             | <b>31,475,524</b> | <b>40,391,688</b>      | <b>42,057,273</b> |             |

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**Mikisew Cree First Nation**  
**Consolidated Statement of Operations**  
*For the year ended March 31, 2021*

|   | <i>Schedules</i> | <i>2021<br/>Budget</i> | <i>2021</i>       | <i>2020</i> |
|---|------------------|------------------------|-------------------|-------------|
| <b>Total revenue</b> <i>(Continued from previous page)</i>                                    |                  | <b>31,475,524</b>      | <b>40,391,688</b> | 42,057,273  |
| <b>Program expenses</b>   |                  |                        |                   |             |
| Administration  | 4                | 3,149,032              | 2,701,813         | 2,840,057   |
| Government & Industry Relations   | 5                | 3,157,834              | 5,644,715         | 9,682,607   |
| Mikisew Technical Services  | 6                | 4,082,535              | 5,688,454         | 7,433,226   |
| Education   | 7                | 7,559,038              | 4,158,554         | 4,990,814   |
| Social Enhancement  | 8                | 978,674                | 613,579           | 764,587     |
| Property Management   | 9                | 1,724,676              | 1,049,616         | 1,826,161   |
| Legislature   | 10               | 1,256,266              | 743,495           | 1,917,846   |
| ISETS   | 11               | 559,759                | 311,725           | 623,695     |
| Elders Care Facility  | 12               | 1,246,300              | 1,625,916         | 1,507,427   |
| Paspew Place  | 13               | 258,757                | 208,152           | 236,545     |
| Land Claims Members   | 14               | 1,961,800              | 2,578,074         | 2,719,660   |
| Land Claims Elders  | 15               | 1,395,921              | 1,265,099         | 1,570,033   |
| Child and Family Services   | 16               | 475,456                | 329,481           | 182,725     |
| Health Services   | 17               | 668,865                | 969,906           | 649,493     |
| Special Projects  | 18               | -                      | 2,250,801         | 2,378,964   |
| Capital Assets  | 20               | -                      | 2,437,443         | 1,688,179   |
| Entities  | 21               | -                      | (52)              | -           |
| Whachask Trust  | 22               | -                      | 402,642           | 283,466     |
| Oti-Nikan Trust   | 23               | -                      | 31,384            | -           |
| <b>Total</b>  |                  | <b>28,474,913</b>      | <b>33,010,797</b> | 41,295,485  |
| <b>Surplus from operations</b>  |                  | <b>3,000,611</b>       | <b>7,380,891</b>  | 761,788     |
| <b>Other items</b>  |                  |                        |                   |             |
| Change in Mikisew Cree Whachask Trust accounting estimate <i>(Note 7)</i>                     |                  | -                      | 396,324           | 1,652,878   |
| Earnings from investments in Nation business entities <i>(Note 5)</i><br><i>(Schedule 21)</i> |                  | -                      | 25,888,194        | 10,265,332  |
|   |                  | -                      | <b>26,284,518</b> | 11,918,210  |
| <b>Surplus</b>  |                  | <b>3,000,611</b>       | <b>33,665,409</b> | 12,679,998  |

*The accompanying notes are an integral part of these financial statements*

**Mikisew Cree First Nation**  
**Consolidated Statement of Accumulated Surplus**  
*For the year ended March 31, 2021*

|   | <b>2021</b>        | <b>2020</b> |
|---|--------------------|-------------|
| <b>Accumulated surplus, beginning of year</b> | <b>110,374,450</b> | 97,694,452  |
| <b>Surplus</b>                                | <b>33,665,409</b>  | 12,679,998  |
| <b>Accumulated surplus, end of year</b>       | <b>144,039,859</b> | 110,374,450 |



**Mikisew Cree First Nation**  
**Consolidated Statement of Remeasurement Gains and Losses**  
*For the year ended March 31, 2021*

|  | <b>2021</b>        | <b>2020</b> |
|--|--------------------|-------------|
| Accumulated remeasurement gains, beginning of year                   | <b>(6,029,823)</b> | 2,545,456   |
| Unrealized gains (losses) attributable to land claim assets          | <b>1,042,498</b>   | (1,011,435) |
| Unrealized gains (losses) attributable to Whachask Trust investments | <b>11,882,529</b>  | (8,199,621) |
| Amounts reclassified to the statement of operations:                 |                    |             |
| Capital (gains) losses realized on land claims assets                | <b>(334,632)</b>   | 52,318      |
| Capital (gains) losses realized on Whachask Trust investments        | <b>(898,212)</b>   | 583,459     |
| Change in remeasurement gains (losses), for the year                 | <b>11,692,183</b>  | (8,575,279) |
| Accumulated remeasurement gains (losses), end of year                | <b>5,662,360</b>   | (6,029,823) |

**Mikisew Cree First Nation**  
**Consolidated Statement of Change in Net Financial Assets**  
*For the year ended March 31, 2021*

|   | <b>2021<br/>Budget</b> | <b>2021</b>        | <b>2020<br/>Restated<br/>- Note 21</b> |
|---|------------------------|--------------------|--|
| <b>Annual surplus</b>                                       | <b>3,000,611</b>       | <b>33,665,409</b>  | 12,679,998                             |
| Acquisition of prepaid expenses                             | -                      | <b>(310,627)</b>   | -                                      |
| Use of prepaid expenses                                     | -                      | -                  | 58,557                                 |
| Change in remeasurement gains (losses) for the year         | -                      | <b>1,232,854</b>   | 52,318                                 |
| Unrealized gains (losses) on land claim assets              | -                      | <b>373,234</b>     | (1,011,435)                            |
| Unrealized gains (losses) on Whachask Trust investments     | -                      | <b>10,086,105</b>  | (7,616,162)                            |
| Amortization of tangible capital assets                     | -                      | <b>2,794,917</b>   | 2,045,653                              |
| Acquisition of tangible capital assets <i>(Schedule 1)</i>  | <b>(6,703,000)</b>     | <b>(3,013,148)</b> | (7,983,022)                            |
| Additions to construction in progress <i>(Note 14)</i>      | -                      | <b>(8,812,725)</b> | (177,365)                              |
| <b>Change in net financial assets</b>                       | <b>(3,702,389)</b>     | <b>36,016,019</b>  | (1,951,458)                            |
| <b>Net financial assets, beginning of year, as restated</b> | <b>70,151,704</b>      | <b>70,151,704</b>  | 72,103,162                             |
| <b>Net financial assets, end of year</b>                    | <b>66,449,315</b>      | <b>106,167,723</b> | 70,151,704                             |

*The accompanying notes are an integral part of these financial statements*

**Mikisew Cree First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2021*

|   | 2021              | 2020              |
|---|-------------------|-------------------|
| <b>Cash provided by (used for) the following activities</b>           |                   |                   |
| <b>Operating activities</b>   |                   |                   |
| Surplus   | 33,665,409        | 12,679,998        |
| Non-cash items  |                   |                   |
| Bad debts (recovery)  | 500,304           | 185,059           |
| (Earnings) loss from investments in Nation business entities (Note 5) | (25,888,193)      | (10,265,330)      |
| Amortization  | 2,794,917         | 2,045,653         |
| Investment income reinvested to land claim assets                     | (1,029,750)       | (1,351,597)       |
| Investment income reinvested to Mikisew Cree Whachask Trust           | (4,999,407)       | -                 |
| Investment income reinvested to Oti-Nikan Community Trust             | (6,294,831)       | -                 |
|   | (1,251,551)       | 3,293,783         |
| Changes in working capital accounts                                   |                   |                   |
| Accounts receivable   | (759,687)         | 441,879           |
| Prepaid expenses  | (310,627)         | 58,557            |
| Accounts payable and accruals   | 75,011            | 3,940,474         |
| Agricultural benefit claim member distributions payable               | (17,027,224)      | (17,876,674)      |
| Inventory and work in progress  | 767               | 67,505            |
| Deferred revenue  | 7,654,730         | (1,503,571)       |
|   | (11,618,581)      | (11,578,047)      |
| <b>Financing activities</b>   |                   |                   |
| Repayment of long-term debt   | (368,581)         | (368,621)         |
| Restricted cash   | -                 | 79,242,411        |
|   | (368,581)         | 78,873,790        |
| <b>Capital activities</b>   |                   |                   |
| Purchases of tangible capital assets                                  | (3,013,148)       | (7,983,022)       |
| Additions to construction-in-progress                                 | (8,812,723)       | (177,365)         |
|   | (11,825,871)      | (8,160,387)       |
| <b>Investing activities</b>   |                   |                   |
| Net withdrawals from Nation entities (Note 5)                         | 10,496,977        | 4,863,099         |
| Net withdrawals from Whachask Community Trust (Note 5)                | 16,882,642        | -                 |
| Withdrawals from land claim assets                                    | -                 | 1,324,000         |
| Purchase of investments   | -                 | (65,478,890)      |
|   | 27,379,619        | (59,291,791)      |
| <b>Increase (decrease) in cash resources</b>                          | <b>3,566,586</b>  | <b>(156,435)</b>  |
| <b>Cash resources, beginning of year</b>                              | <b>10,909,775</b> | <b>11,066,210</b> |
| <b>Cash resources, end of year</b>                                    | <b>14,476,361</b> | <b>10,909,775</b> |
| <b>Cash resources are composed of:</b>                                |                   |                   |
| Cash resources  | 14,032,106        | 10,467,775        |
| Restricted cash   | 444,255           | 442,000           |
|   | 14,476,361        | 10,909,775        |

The accompanying notes are an integral part of these financial statements

**Mikisew Cree First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

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**1. Significant accounting policies**

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

***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.

***Reporting entity consolidated***

The financial statements consolidate the financial activities of all entities and departments comprising the Nation reporting entity, except for Nation business entities. Trusts administered on behalf of third parties by Mikisew Cree First Nation are excluded from the Nation reporting entity.

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

- Mikisew Cree First Nation Administration
- Mikisew Cree First Nation Government & Industry Relations
- Mikisew Cree First Nation Education
- Mikisew Cree First Nation Technical Services (reserve operations, maintenance and member housing)
- Mikisew Cree First Nation Social Enhancement
- Mikisew Cree First Nation Paspew Place
- Mikisew Cree First Nation Property Management (housing CMHC operations)
- Mikisew Cree First Nation Legislature
- Mikisew Cree First Nation Human Resources Development (ISETS)
- Mikisew Cree First Nation Elders Care Facility
- Mikisew Cree First Nation Land Claims Members
- Mikisew Cree First Nation Land Claims Elders
- Mikisew Cree First Nation Capital Assets
- Mikisew Cree First Nation Child and Family Services
- Mikisew Cree First Nation Health Services
- Mikisew Cree First Nation Special Projects
- Mikisew Cree First Nation Government of Alberta Projects
- Mikisew Cree First Nation Entities
- Mikisew Cree Whachask Trust
- Oti-Nikan Community Trust

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.

Mikisew Cree First Nation business entities, owned or controlled by the Nation's Council but not dependent on the Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. The following is a list of business entities which the Nation considers Government Business Enterprises:

Mikisew Commercial Trust (823786 Alberta Ltd.), 1326866 Alberta Ltd., Mikisew Industrial Supply Ltd., Guthrie Mechanical Services Ltd., Fort McMurray Super 8 Limited Partnership, 1665322 Alberta Ltd., Cree Ations Ltd., Cree Chip Development Corporation, Mikisew Cree Foundation, MBH Fort McMurray Hotel Limited Partnership, Mikisew Powerline Investment Corporation, Northern Sport Fishing (1995) Ltd. and 2160223 Alberta Ltd.

***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, inventory and work in progress, prepaid expenses and Agricultural Benefits negotiations.

**1. Significant accounting policies** *(Continued from previous page)*

**Net financial assets**

The Nation's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

**Cash resources**

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

**Inventory and work in progress**

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Inventory held for resale is classified as a financial asset when all of the following criteria are met:

- Prior to March 31, 2021, the Nation has committed to sell the asset;
- The asset is in a condition to be sold;
- The asset is publicly seen to be for sale;
- There is an active market for the asset;
- A plan exists for selling the asset; and
- A sale to a party external to the Nation can reasonably be expected within one year.

**Tangible capital assets**

Tangible capital assets are initially recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

When conditions indicate that a tangible capital asset no longer contributes to the Nation's ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value, the Nation reduces the cost of the asset to reflect the decline in its value. Write-downs of tangible capital assets are not reversed.

**Capital lease**

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at the present value of the minimum lease payments. Assets under capital leases are amortized on the straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

**Amortization**

Social housing assets acquired under Canada Mortgage and Housing Corporation ("CMHC") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long-term debt. Amortization for other tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

|                            | <b>Method</b> | <b>Rate</b> |
|----------------------------|---------------|-------------|
| Buildings and improvements | straight-line | 20 years    |
| Playground equipment       | straight-line | 10 years    |
| Reserve infrastructure     | straight-line | 20-30 years |
| General equipment          | straight-line | 5-10 years  |
| Vehicles                   | straight-line | 3 years     |
| Elders Care Facility       | straight-line | 40 years    |

**Long-term debt and capital lease obligation**

Long-term financing received to fund tangible capital asset purchases is recognized in the period the financing is acquired and recorded as an increase in long-term debt.

Repayments of long-term financing are recognized as a decrease in long-term debt.

**1. Significant accounting policies** *(Continued from previous page)*

***Portfolio investments***

Portfolio investments with prices quoted in an active market are measured at fair value. Changes in fair value are recorded in the statement of remeasurement gains (losses).

***Long-lived assets***

Long-lived assets consist of tangible capital assets with finite useful lives. Long lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

***Revenue recognition***

***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 statement of financial position in the year of receipt.

Other revenues, including investment income earned by the Mikisew Cree Whachask Trust and the Oti-Nikan Community Trust, are recorded when received or receivable.

***Externally restricted revenue***

The Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the Nation records externally restricted inflows in deferred revenue.

***Measurement uncertainty***

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

***Agricultural benefits claim member distributions payable***

In the 2018 year, the Agricultural Benefits Claim was settled resulting in the creation of the Mikisew Cree Whachask Trust. Under this trust agreement, each member of the Mikisew Cree First Nation at the trust ratification date is entitled to a distribution of varying amounts. The amount of distributions payable to members is estimated using the number of eligible Mikisew Elders, Adults, and Minors per the Band list as of the trust ratification date and the various distribution options available to the eligible members.

***Liability for contaminated site***

Expenditures that relate to on-going environmental and remediation programs are charged against surplus as incurred. A liability for a contaminated site reflects management's best estimate of the amount required to remediate the contaminated site. The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future site remediation.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

**1. Significant accounting policies** *(Continued from previous page)*

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the years in which they become known.

**Segments**

The Nation conducts its business through nineteen reportable segments as described in the reporting entity and principles of consolidation accounting policy note. These operating segments are established by the Chief and Council to facilitate the achievement of the 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.

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

**Financial instruments**

The Nation recognizes its financial instruments when the Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The Nation has made such an election during the year.

The Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses, while interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

**Fair value measurements**

The Nation classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the Nation to develop its own assumptions.

**Mikisew Cree First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

**1. Significant accounting policies** *(Continued from previous page)*

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

**Statement of Remeasurement Gains and Losses**

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in a Nation's net assets (liabilities) in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

**2. Restricted cash**

|                          | 2021           | 2020           |
|--------------------------|----------------|----------------|
| CMHC replacement reserve | 437,180        | 435,016        |
| Ottawa Trust funds       | 7,072          | 6,984          |
|                          | <b>444,252</b> | <b>442,000</b> |

The Ottawa Trust accounts arise from monies derived from capital or revenue source 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. Sections 63 and 69 of the Indian Act primarily govern the management of these funds. These funds have been internally restricted by the Nation.

**3. Accounts receivable**

|  | 2021             | 2020             |
|--|------------------|------------------|
| Indigenous Service Canada                                | 5,822            | 140,499          |
| Aboriginal Skills Employment & Training Services         | -                | 406,473          |
| Trade accounts receivable - members                      | 628,538          | 563,690          |
| Allowance for doubtful accounts - members                | (622,518)        | (563,690)        |
| Member rent receivable                                   | 2,047,266        | 1,940,910        |
| Allowance for doubtful accounts - member rent receivable | (1,759,989)      | (1,688,705)      |
| Trade accounts receivable - non-members                  | 4,324,257        | 3,226,830        |
| Allowance for doubtful accounts - non-members            | (1,148,126)      | (787,934)        |
| Goods and service tax receivable                         | 283,880          | 261,674          |
|  | <b>3,759,130</b> | <b>3,499,747</b> |

**4. Inventory and work in progress**

|                    | 2021             | 2020             |
|--------------------|------------------|------------------|
| Building supplies  | 1,246,171        | 1,246,938        |
| Supplies inventory | 113,365          | 113,365          |
|                    | <b>1,359,536</b> | <b>1,360,303</b> |



**Mikisew Cree First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

**5. Investment in Nation business entities**

The Nation has investments in the following entities:

|                                      | <i>Net<br/>contributions<br/>and (draws)</i> | <i>Current<br/>contributions<br/>and (draws)</i> | <i>Opening<br/>accumulated<br/>earnings (loss)</i> | <i>Current earnings<br/>(loss)</i> | <i>2021<br/>Total<br/>investment</i> |
|--------------------------------------|--|--|--|------------------------------------|--------------------------------------|
| <b>Mikisew Energy Services Group</b> | (17,099,414)                                 | (9,889,758)                                      | 23,740,563   | 8,807,742                          | 5,559,133                            |
| <b>Other entities</b>                | 3,380,568                                    | (607,219)  | 36,589,237   | 17,080,452                         | 56,443,038                           |
|                                      | <b>(13,718,846)</b>                          | <b>(10,496,977)</b>                              | <b>60,329,800</b>                                  | <b>25,888,194</b>                  | <b>62,002,171</b>                    |

|                                      | <i>Net<br/>contributions<br/>and (draws)</i> | <i>Current<br/>contributions<br/>and (draws)</i> | <i>Opening<br/>accumulated<br/>earnings (loss)</i> | <i>Current earnings<br/>(loss)</i> | <i>2020<br/>Total<br/>investment</i> |
|--------------------------------------|--|--|--|------------------------------------|--------------------------------------|
| <b>Mikisew Energy Services Group</b> | (17,099,414)                                 | -  | 25,776,180   | (2,035,617)                        | 6,641,149                            |
| <b>Other entities</b>                | 8,243,667                                    | (4,863,099)                                      | 24,288,288   | 12,300,949                         | 39,969,805                           |
|                                      | <b>(8,855,747)</b>                           | <b>(4,863,099)</b>                               | <b>50,064,468</b>                                  | <b>10,265,332</b>                  | <b>46,610,954</b>                    |

**Mikisew Cree First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

**6. Land claims assets**

The Nation settled its land claim with the federal and provincial governments in 1986 and received \$26,600,000 in financial compensation and 24,000 acres of reserve land. This land is held in the following reserves:

- Old Fort Indian Reserve #217
- Doghead Indian Reserve #218
- Allison Bay Indian Reserve #219
- Devil's Gate Indian Reserve #220
- Sandy Point Indian Reserve #221
- Peace Point Indian Reserve #222
- Collin Lake Indian Reserve #223
- Cornwall Lake Indian Reserve #224
- Charles Lake Indian Reserve #225

The agreements restrict the use of the financial compensation received. "A" or "B" institutions as defined under the Bank Act must hold this amount. This money can be used for any purposes other than per capita distributions if approved by 75% of the eligible voters. Without approval of 75% of eligible voters, it is to be invested in the following:

- (a) Debt instruments of Canada, the provinces, Canadian municipalities, certain chartered banks;
- (b) Commercial paper rated R1 or corporate bonds rated A1 of up to \$1,000,000 per issuer;
- (c) Corporate bonds rated A or better of up to \$1,000,000 per issuer;
- (d) Mortgage backed securities guaranteed by the Government of Canada;
- (e) Convertible debentures rated BBB or better up to \$250,000 per issuer;
- (f) Preferred shares and convertible preferred shares rated P2 or better up to \$250,000 per issuer;
- (g) Subject to certain restrictions equity securities of corporations up to \$250,000 per issuer.

Investment income from the capital monies is to be reported in a "revenue" account. No more than 50% of the revenue money on hand as of January 1 of a year may be used for per capita distributions.

The costs of investments is \$32,883,989 (2020 - \$31,854,239).

Assets at fair value in the Revenue and Restricted accounts are as follows:

|                           | <b>2021</b>       | 2020       |
|---------------------------|-------------------|------------|
| Cash and short term notes | <b>5,884,479</b>  | 3,031,920  |
| Accrued interest          | <b>212,012</b>    | 219,064    |
| Investments               | <b>29,081,708</b> | 30,189,599 |
|                           | <b>35,178,199</b> | 33,440,583 |
| <b>Comprised of:</b>      |                   |            |
| Land Claims Revenue       | <b>1,429,410</b>  | 269,268    |
| Land Claims Restricted    | <b>33,748,789</b> | 33,171,315 |
|                           | <b>35,178,199</b> | 33,440,583 |

**Mikisew Cree First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

**7. Mikisew Cree Whachask Trust investments**

The Nation settled its Agricultural Benefits Claim with the federal government in 2018 and received \$135,972,938 in financial compensation. The financial compensation received has been invested through the Mikisew Whachask Trust and will be used to provide members with per capita distributions (Note 9). The cost of investments is \$53,594,656 (2020 - \$65,478,890).

Unrealized gains were \$3,368,154 (2020 - unrealized losses of \$7,616,162).

Assets at fair value in the accounts are as follows:

|             | <b>2021</b>       | <b>2020</b> |
|-------------|-------------------|-------------|
| Cash        | <b>1,000</b>      | 141,459     |
| Investments | <b>56,962,810</b> | 57,721,269  |
|             | <b>56,963,810</b> | 57,862,728  |

**8. Oti-Nikan Community Trust**

This trust was established July 8, 2020, to provide financial resources for the long term prosperity and sustainability of the Mikisew Cree First Nation, to allow for better reporting, oversight and accountability over payments received through various impact benefit agreements, land claims settlements and other funding sources; and to provide for more enhanced and efficient financial wealth management for Mikisew Cree First Nation.

|                     | <b>2021</b>      | <b>2020</b> |
|---------------------|------------------|-------------|
| Cash                | <b>5,162,529</b> | -           |
| Accounts receivable | <b>1,163,676</b> | -           |
| Investment          | <b>10</b>        | -           |
| Accrued expenses    | <b>(31,384)</b>  | -           |
|                     | <b>6,294,831</b> | -           |

**Mikisew Cree First Nation**  
**Notes to the Consolidated Financial Statements**  
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**9. Agricultural Benefits Claim member distributions payable**

Upon the settlement of the Agricultural Benefits Claim, the Mikisew Cree Whachask Trust was created to hold the funds received and distribute various amounts to the Mikisew Cree First Nation members as of the trust ratification date. The Band members were given a choice of various distributions as described below.

Each Mikisew Elder shall be entitled to receive one of the following:

- (i) a one time lump sum payment of thirty thousand dollars (\$30,000); or
- (ii) annual distributions of ten thousand dollars (\$10,000) per year for five (5) years up to a total of fifty thousand dollars (\$50,000), inclusive of interest.

Each Mikisew Adult shall be entitled to receive one of the following:

- (i) a one time lump sum payment of twenty five thousand dollars (\$25,000); or
- (ii) annual distributions of ten thousand dollars (\$10,000) per year for five (5) years up to a total of fifty thousand dollars (\$50,000), inclusive of interest.

Each Mikisew Minor that was alive on the Ratification Date shall be entitled to one of the following once they have reached the age of eighteen (18):

- (i) a one time lump sum payment of twenty five thousand dollars (\$25,000) plus accrued interest of 4% compounded annually from the Compensation Date; or
- (ii) annual distributions of ten thousand dollars (\$10,000) per year for five (5) years up to a total of fifty thousand dollars (\$50,000), inclusive of interest.

The minor's distributions were estimated based on a conservative calculation which assumed that all minors at the Ratification Date were less than 1 year old and would chose the one time lump sum payment of \$25,000 plus the accrued 4% interest. As at March 31, 2021, one hundred and sixty two (162) minors had turned eighteen (18) resulting in a change in accounting estimate for the remaining estimated distributions.

At the time of the Ratification Date, there were five hundred and forty (540) Mikisew Adults and Elders who had not chosen their distribution amounts. As such, an estimate was made for which distribution options would be chosen based on the amounts already selected. As at March 31, 2021, there were only thirty nine (39) Mikisew Adults and Elders who had not chosen their distribution amounts. This led to a change in accounting estimate for the current selections available.

The payable balance is made up of the following estimates:

|                                       | <b>2021</b>       | <b>2020</b> |
|---------------------------------------|-------------------|-------------|
| Adult and Elder distributions payable | <b>17,642,796</b> | 31,003,872  |
| Minor distributions payable           | <b>31,543,674</b> | 35,139,822  |
|                                       | <b>49,186,470</b> | 66,143,694  |

**10. Deferred revenue**

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

|                       | <i>Balance,<br/>beginning of<br/>year</i> | <i>Contributions<br/>received</i> | <i>Contributions<br/>recognized</i> | <i>Balance, end<br/>of year</i> |
|-----------------------|---|-----------------------------------|-------------------------------------|---------------------------------|
| GIR project funding   | 1,082,928                                 | 6,447,422                         | 4,591,823                           | 2,938,527                       |
| ISC contributions     | 1,769,865                                 | 22,799,937                        | 16,894,395                          | 7,675,407                       |
| FNDF funding          | 106,411                                   | 410,619                           | 517,030                             | -                               |
| Government of Alberta | 254,471                                   | -                                 | -                                   | 254,471                         |
| Industry funding      | 1,698,498                                 | -                                 | -                                   | 1,698,498                       |
|                       | <b>4,912,173</b>                          | <b>29,657,978</b>                 | <b>22,003,248</b>                   | <b>12,566,903</b>               |

**Mikisew Cree First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

**11. Long-term debt**

|   | <b>2021</b>      | <b>2020</b> |
|---|------------------|-------------|
| Canada Mortgage and Housing Corporation, mortgage secured by property disclosed in Schedule 1 and a Minister of Indigenous Services Canada guarantee, interest at 1.97%, compounded semi annually, payments of \$4,270 per month, principal and interest, with the balance due December 2022. | <b>708,619</b>   | 745,216     |
| Canada Mortgage and Housing Corporation, mortgage secured by property disclosed in Schedule 1 and a Minister of Indigenous Services Canada guarantee, interest at 0.71%, compounded semi annually, payments of \$2,457 per month, principal and interest, with the balance due November 2025. | <b>454,496</b>   | 478,594     |
| Canada Mortgage and Housing Corporation, mortgage secured by property disclosed in Schedule 1 and a Minister of Indigenous Services Canada guarantee, interest at 0.71%, compounded semi annually, payments of \$1,842 per month, principal and interest, with the balance due November 2025. | <b>379,541</b>   | 397,604     |
| Canada Mortgage and Housing Corporation, mortgage secured by property disclosed in Schedule 1 and a Minister of Indigenous Services Canada guarantee, interest at 1.03%, compounded semi annually, payments of \$1,816 per month, principal and interest, with the balance due November 2021. | <b>312,291</b>   | 330,728     |
| Canada Mortgage and Housing Corporation, mortgage secured by property disclosed in Schedule 1 and a Minister of Indigenous Services Canada guarantee, interest at 1.30%, compounded semi annually, payments of \$1,579 per month, principal and interest, with the balance due June 2022.     | <b>112,255</b>   | 129,631     |
| Canada Mortgage and Housing Corporation, mortgage secured by property disclosed in Schedule 1 and a Minister of Indigenous Services Canada guarantee, interest at 2.70%, payments of \$1,005 per month, principal and interest, with the balance due November 2023.                           | <b>78,497</b>    | 88,305      |
| Canada Mortgage and Housing Corporation, mortgage secured by property disclosed in Schedule 1 and a Minister of Indigenous Services Canada guarantee, interest at 1.05%, compounded semi annually, payments of \$979 per month, principal and interest, with the balance due August 2021.     | <b>59,067</b>    | 70,137      |
| Canada Mortgage and Housing Corporation, mortgage secured by property disclosed in Schedule 1 and a Minister of Indigenous Services Canada guarantee, interest at 1.05%, compounded semi annually, payments of \$948 per month, principal and interest, with the balance due August 2021.     | <b>51,797</b>    | 62,573      |
| First Nation Bank, mortgage secured by property disclosed in Schedule 1 and a Cree-Ations Enterprises Limited guarantee, interest at prime plus 0.75%, repayable in payments of \$7,984 per month effective May 2020, principal and interest, with the balance due April 2025.                | <b>1,250,000</b> | 1,250,000   |
| First Nation Bank, mortgage secured by property disclosed in Schedule 1 and a Cree-Ations Enterprises Limited guarantee, interest at 4.30%, payments of \$16,175 per month, principal and interest, with the balance due March 2022.  | <b>2,240,065</b> | 2,335,580   |
| First Nation Bank, mortgage secured by property disclosed in Schedule 1 and a Cree-Ations Enterprises Limited guarantee, interest at prime plus 0.75%, payments of \$13,601 per month, principal and interest, with the balance due December 2023.  | <b>1,041,571</b> | 1,168,412   |
|   | <b>6,688,199</b> | 7,056,780   |

**Mikisew Cree First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

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**11. Long-term debt** *(Continued from previous page)*

Tangible capital assets included in Schedule 1, insurance coverage, assignment of book debts and investment revenues, a general security assignment and Band Council Resolutions have been pledged as security on the long-term debt.

Prime rate as at March 31, 2021 was 2.45% (2020 - 2.45%).

Principal repayments on long-term debt in each of the next five years, assuming all term debt is subject to contractual terms of repayment, are estimated as follows:

|                     |           |
|---------------------|-----------|
| 2022                | 3,846,243 |
| 2023                | 962,167   |
| 2024                | 1,182,762 |
| 2025                | 46,322    |
| 2025 and thereafter | 650,705   |
|                     | <hr/>     |
|                     | 6,688,199 |

**12. Commitments**

The Nation leases rental space with annual lease payments of \$128,700 (2020 - \$128,700). The lease is with a related party subject to common ownership. The lease was arranged during the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Nation leases rental space from an unrelated third party with annual lease payments of \$216,000 (2020 - \$216,000).

The Nation leases vehicles from an unrelated third party with minimum annual lease payments of \$25,627 (2020 - \$25,627).

The Nation has owns a property with annual condominium fees of \$27,364 (2020 - \$27,364).

The Nation has entered into a partnership agreement which requires them to contribute additional capital. The estimated amount that they will have to contribute is between \$1,000,000 and \$1,600,000 of which \$nil (2019 - \$nil) was advanced in the current year. To date they have contributed \$1,250,000 (2020 - \$1,250,000).

**13. Guarantees**

The Nation has signed an unlimited guarantee on payment of all present and future indebtedness of the Mikisew Group of Companies. The Mikisew Group of Companies has a revolving credit facility at bank prime rate with a maximum borrowing limit of \$4,500,000 of which \$nil was drawn March 31, 2021 (2020 - \$nil). The Mikisew Group of Companies had long-term debt in the amount of \$23,216,125 (2020 - \$26,190,358).

The Nation has signed a letter of guarantee for the Fort McMurray Hotel Limited Partnership in the amount of \$16,000,000 of which \$14,562,112 is outstanding.

The Nation has signed a letter of guarantee for the Fort McMurray TPS Hotel Partnership loans of which \$10,654,052 is outstanding.

In the event of default by these affiliates, the Nation would be responsible for these debts. None of the loans are currently in arrears.

**Mikisew Cree First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

**14. Tangible capital assets**

The tangible capital assets reconciliation is included in Schedule 1.

The Nation's tangible capital asset purchases in the current year were \$11,825,871 (2020 - \$8,160,387) of which \$8,812,723 (2020 - \$177,365) are included in construction-in-progress.

Buildings and Improvements includes buildings under construction with a carrying value of \$8,812,723 (2020 - \$177,365). No amortization of this asset has been recorded during the year because the buildings are currently under construction.

**15. Other revenue**

|   | 2021             | 2020             |
|---|------------------|------------------|
| Rentals   | 366,021          | 355,041          |
| Water and sewer revenue                           | 73,750           | 81,323           |
| Miscellaneous                                     | 370,572          | 209,555          |
| Special event fundraising and donations           | 62,000           | 49,587           |
| Interest income                                   | 21,290           | 231,592          |
| Property tax                                      | -                | 2,112            |
| Athabasca tribal council - miscellaneous programs | 1,490            | 2,802            |
| Income from Northlands School Division            | 699,930          | -                |
| Management fees                                   | 400,000          | 400,000          |
|   | <b>1,995,053</b> | <b>1,332,012</b> |

**16. Financial Instruments**

The Nation as part of its operations carries a number of financial instruments. It is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

***Risk Management Policy***

The Nation, as part of operations, has established risk management objectives such as avoidance of undue concentrations of risk as risk management objectives. In seeking to meet these objectives, the Nation follows a risk management policy approved by the Chief and Council.

***Fair Value of Financial Instruments***

The Nation has elected to measure land claim assets described in Note 6 at fair value, using level 1: quoted prices available in active markets.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the future cash flow associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities known as price risk.

The Nation is exposed to interest rate cash and flow risk with respect to its operating line of credit and certain long-term debt amounts, which are subject to floating interest rates. The Nation is exposed to interest rate price risk with respect to certain long-term debt amounts which bear interest at rates agreed upon at the time of issuance. The Nation is also exposed to interest rate price risk with respect to its land claims assets which earn interest on investment at fixed annual rates.

**16. Financial Instruments** *(Continued from previous page)*

***Other price risk***

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Nation enters into transactions to purchase portfolio investments, for which the market price fluctuates via the land claim assets.

Other price risk is measured is measured using standard deviation which measures a portfolio investment's volatility regardless of the cause. The Nation manages its other price risk by by utilizing investment managers and custodians to monitor the volatility of the portfolio investments held and manage the investments in accordance to the investment guidelines.

***Credit Risk***

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

***Risk management***

The Nation manages its credit risk by performing regular credit assessments of its customers and providing allowances for potentially uncollectible accounts receivable.



**17. Budget information**

The disclosed budget information has been approved by the Chief and Council of Mikisew Cree First Nation. The budget differs from the budget included in these financial statements as some items do not comply with Public Sector Accounting Standards.

In the approved budget, transfers between programs were recognized as revenue in the program received and an expense in the program transferred from. Also, the approved budget shows capital purchases as an expenses and use of unspent funds or savings as revenue. These practices do not comply with Public Sector Accounting Standards. Therefore the budget shown differs from the approved budget as follows:

- Budgeted revenue is decreased by \$22,390,414.
- Budgeted expenses are decreased by \$17,534,984.

The Government & Industry Relations budget was not included in the overall budget but was approved separately. This resulted in an increase in the budgeted revenue by \$2,820,144 and an increase in the budgeted expenses by \$3,157,834.

The approved Budget showed a surplus of \$8,193,730. After adjustments for the transfers and additional Government & Industry Relations revenues, the net income budgeted before transfers is \$3,000,611.

**18. Comparative figures**

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

**19. Significant event**

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak will not negatively effect the Nation's business and financial condition.