
OPASKWAYAK CREE NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

OPASKWAYAK CREE NATION

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITORS' REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION STATEMENT 1

CONSOLIDATED STATEMENT OF OPERATIONS STATEMENT 2

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS STATEMENT 3

CONSOLIDATED STATEMENT OF CASH FLOWS STATEMENT 4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Opaskwayak Cree Nation are the responsibility of management and have been approved by Onekanew mena Onuschekewuk.

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

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

Onekanew mena Onuschekewuk is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

Onekanew mena Onuschekewuk meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' report.

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

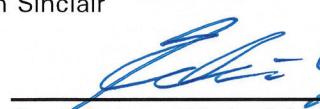
Onekanew Christian Sinclair


Onuschekew Jennifer Flett

Onuschekew Maureen Brown

Onuschekew Rick Constant

Onuschekew Sidney Ballantyne


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INDEPENDENT AUDITORS' REPORT

To the Onekanew, Onuschekewuk and Membership
Opaskwayak Cree Nation

Opinion

We have audited the accompanying consolidated financial statements of Opaskwayak Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, changes in net 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Opaskwayak Cree Nation as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

(continued.....)

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Opaskwayak 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 Opaskwayak Cree Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Opaskwayak Cree Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

The Pas, Manitoba
October 27, 2020

OPASKWAYAK CREE NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

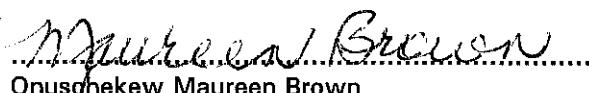
| | 2 0 2 0 | 2 0 1 9 |
|--|-----------------------------|-----------------------------|
| FINANCIAL ASSETS | | |
| Cash <i>(Note 2)</i> | \$ 19,478,597 | \$ 16,248,190 |
| Restricted cash <i>(Note 3)</i> | 6,583,830 | 3,291,802 |
| Accounts receivable <i>(Note 4)</i> | 17,192,566 | 15,935,297 |
| Loans receivable <i>(Note 5)</i> | 43,500,000 | 9,000,000 |
| Investments <i>(Note 6)</i> | 9,010,721 | 18,595,469 |
| Other assets <i>(Note 7)</i> | - | 1 |
| Total financial assets | 95,765,714 | 63,070,759 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities <i>(Note 8)</i> | 6,470,354 | 8,146,763 |
| Deferred revenue <i>(Note 9)</i> | 14,939,436 | 9,752,765 |
| Long term debt <i>(Note 10)</i> | <u>68,226,636</u> | <u>36,972,818</u> |
| Total liabilities | <u>89,636,426</u> | <u>54,872,346</u> |
| Net assets | <u>6,129,288</u> | <u>8,198,413</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets <i>(Note 12)</i> | 71,670,125 | 52,552,423 |
| Construction in progress <i>(Note 13)</i> | 3,244,228 | 19,217,782 |
| Prepaid expenses | <u>359,156</u> | <u>157,746</u> |
| Total non-financial assets | <u>75,273,509</u> | <u>71,927,951</u> |
| Accumulated surplus | <u>\$ 81,402,797</u> | <u>\$ 80,126,364</u> |
| Contingent liabilities <i>(Note 14)</i> | | |

Approved on behalf of Onekanew and Onuschekewuk

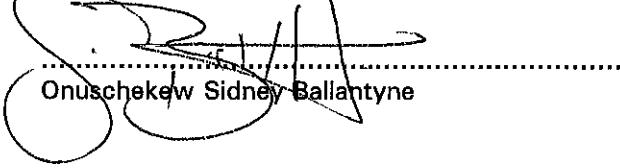


Onekanew Christian Sinclair

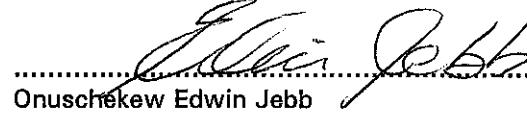
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Onuschekew Jennifer Flett


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Onuschekew Sidney Ballantyne

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Onuschekew Edwin Jebb


Onuschekew Clarence Constant

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Onuschekew William J. Lathlin

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Onuschekew Samantha Fidler

OPASKWAYAK CREE NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

| | BUDGET (UNAUDITED) | 2020 | 2019 |
|---|-----------------------|----------------------|----------------------|
| REVENUE | | | |
| Indigenous Services Canada | \$ 41,714,919 | \$ 42,575,620 | \$ 43,890,599 |
| First Nations and Inuit Health | 8,909,204 | 8,674,576 | 8,053,789 |
| Employment and Social Development Canada | 1,603,487 | 2,362,533 | 1,627,607 |
| Canada Mortgage and Housing Corporation | 615,838 | 729,935 | 819,353 |
| National Research Council Canada | 200,000 | 4,331 | 180,000 |
| Public Safety Canada | 392,970 | 79,053 | |
| Province of Manitoba | 1,618,344 | 3,970,408 | 3,134,618 |
| Band generated revenue | 5,928,182 | 6,938,291 | 6,159,374 |
| Debt forgiveness | | | 1,963,575 |
| Interest income | 2,698,091 | 5,325,055 | 3,015,273 |
| Other | 4,109,052 | 4,185,754 | 2,847,362 |
| Rental and user fees | 2,978,132 | 2,824,524 | 3,345,001 |
| Eliminations | <u>-</u> | <u>(3,006,683)</u> | <u>(3,132,675)</u> |
| | <u>70,768,219</u> | <u>74,663,397</u> | <u>71,903,876</u> |
| EXPENDITURES | | | |
| Governance and administration | 4,045,374 | 3,813,318 | 3,375,173 |
| Hydro funds | 961,000 | 1,014,465 | 520,536 |
| Band funds | 1,101,818 | 12,119,159 | 2,946,492 |
| Band development authority | 694,950 | 643,446 | 719,152 |
| Land and leases | 1,244,951 | 816,688 | 903,667 |
| Capital and capital projects | 1,656,726 | 2,221,586 | 1,551,203 |
| Employment and training | 1,795,098 | 1,935,671 | 1,763,507 |
| Social services | 8,678,675 | 7,753,099 | 7,729,655 |
| Child care | 1,233,145 | 1,116,945 | 890,487 |
| Public works, water and sewer | 2,331,460 | 2,528,020 | 2,227,752 |
| Recreation | 765,903 | 1,368,084 | 914,811 |
| Fire department | 412,118 | 265,441 | 264,583 |
| Community buildings | 1,704,225 | 1,638,179 | 1,637,993 |
| Special projects | 1,183,935 | 2,034,854 | 1,036,754 |
| Education | 18,433,341 | 18,858,810 | 16,533,091 |
| Care home | 4,289,131 | 4,407,880 | 4,201,355 |
| Health | 9,974,589 | 9,839,916 | 8,920,298 |
| Housing | 3,971,321 | 3,170,269 | 3,305,103 |
| Land tax | | 292,254 | 96,713 |
| Economic development | | 555,563 | 328,570 |
| Eliminations | <u>-</u> | <u>(3,006,683)</u> | <u>(3,132,675)</u> |
| | <u>64,477,760</u> | <u>73,386,964</u> | <u>56,734,220</u> |
| ANNUAL SURPLUS | | | |
| ACCUMULATED SURPLUS, <i>beginning of year</i> | 6,290,459 | 1,276,433 | 15,169,656 |
| ACCUMULATED SURPLUS, <i>end of year</i> | <u>\$ 86,416,823</u> | <u>\$ 81,402,797</u> | <u>\$ 80,126,364</u> |

OPASKWAYAK CREE NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31

| | BUDGET (UNAUDITED) | 2020 | 2019 |
|---|-----------------------|---------------------|----------------------|
| Annual surplus | \$ 6,290,459 | \$ 1,276,433 | \$ 15,169,656 |
| Acquisition of tangible capital assets and construction in progress | | (8,116,700) | (14,474,884) |
| Amortization of tangible capital assets | _____ - | <u>4,972,552</u> | <u>4,273,672</u> |
| | _____ - | <u>(3,144,148)</u> | <u>(10,201,212)</u> |
| Acquisition of prepaid expenses | | (359,156) | (157,746) |
| Use of prepaid expenses | _____ - | <u>157,746</u> | <u>356,302</u> |
| | _____ - | <u>(201,410)</u> | <u>198,556</u> |
| CHANGE IN NET ASSETS FOR YEAR | 6,290,459 | (2,069,125) | 5,167,000 |
| NET ASSETS, <i>beginning of year</i> | <u>8,198,413</u> | <u>8,198,413</u> | <u>3,031,413</u> |
| NET ASSETS, <i>end of year</i> | <u>\$ 14,488,872</u> | <u>\$ 6,129,288</u> | <u>\$ 8,198,413</u> |

OPASKWAYAK CREE NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

| | 2 0 2 0 | 2 0 1 9 |
|--|---------|---------|
|--|---------|---------|

CASH FLOW FROM

OPERATING ACTIVITIES

| | | |
|--|-------------------|-------------------|
| Cash received from funding and other sources | \$ 73,845,267 | \$ 72,441,537 |
| Cash paid to suppliers and employees | (57,802,365) | (52,841,015) |
| Interest received | 5,325,055 | 3,015,273 |
| Interest paid | (1,698,657) | (1,180,222) |
| | <u>19,669,300</u> | <u>21,435,573</u> |

CAPITAL ACTIVITIES

| | | |
|---|--------------|---------------|
| Acquisition of tangible capital assets and construction in progress | (8,116,700) | (14,474,884) |
|---|--------------|---------------|

INVESTING ACTIVITIES

| | | |
|--------------------------|----------------------|---------------------|
| Loan advances receivable | (34,500,000) | (9,000,000) |
| Long term investments | (313,656) | (136,424) |
| | <u>(34,813,656)</u> | <u>(9,136,424)</u> |

FINANCING ACTIVITIES

| | | |
|-----------------------------------|-------------------|-------------------|
| Proceeds from long term debt | 33,358,042 | 49,384,091 |
| Repayment of long term debt | (2,104,224) | (29,236,518) |
| Advances to related parties - net | (1,470,327) | (7,629,653) |
| | <u>29,783,491</u> | <u>12,517,920</u> |

NET INCREASE IN CASH DURING YEAR

| | | |
|--------------------------------|-------------------|------------------|
| CASH, <i>beginning of year</i> | 6,522,435 | 10,342,185 |
| CASH, <i>end of year</i> | <u>19,539,992</u> | <u>9,197,807</u> |

\$ 26,062,427 \$ 19,539,992

CASH COMPRISED OF

| | | |
|-----------------|----------------------|----------------------|
| Cash | \$ 19,478,597 | \$ 16,248,190 |
| Restricted cash | <u>6,583,830</u> | <u>3,291,802</u> |
| | <u>\$ 26,062,427</u> | <u>\$ 19,539,992</u> |

OPASKWAYAK CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

REPORTING ENTITY

The Opaskwayak Cree Nation reporting entity includes the Opaskwayak Cree Nation (the Cree Nation) government and all related entities which are accountable to the Cree Nation and are either owned or controlled by the Cree Nation.

These consolidated financial statements combine the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to combination:

O.C.N. Programs:

- Opaskwayak Cree Nation Operating Fund
- Opaskwayak Cree Nation Housing Authority Ltd.
- Rod McGillivray Memorial Care Home
- Opaskwayak Educational Authority Inc.
- Opaskwayak Cree Nation Land Tax
- Opaskwayak Health Authority
- Nakow Mining and Supply Ltd.

Incorporated and unincorporated business entities which are owned and controlled by the Cree Nation but which are not dependent on the First Nation for their continuing operations are included in the consolidated financial statements using the modified equity method. These include:

- Paskwayak Business Development Corporation Ltd.
- Neso Corporation Ltd. (o/a The Pas I.G.A.)
- Otineka Development Corporation Ltd.
- 3327770 Manitoba Ltd. (o/a Kikiwak Inn)
- 3557040 Manitoba Ltd. (o/a OCN Shell)
- 5110301 Manitoba Ltd. (o/a Sports Traders)
- Aseneskak Casino
- Pinesiw Energy Limited Partnership
- Paskwayak Limited Partnership
- 7005571 Manitoba Ltd.
- Paskwayak NAC Investment Limited Partnership
- 7423463 Manitoba Ltd. (o/a OCN Smart Farm)

With the exception of the Aseneskak Casino which has been included in these financial statements using a March 31, 2020 year end, the financial information for the above incorporated entities included in these financial statements is for the year ended December 31, 2019.

- OCN Blizzard Junior "A" Hockey Club

The financial information for the above unincorporated entity included in these financial statements is for the year ended May 31, 2019.

- Opaskwayak Cree Nation VLT Centre

The financial information for the above unincorporated entities included in these financial statements is for the year ended March 31, 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, construction in progress and prepaid expenses.

CASH AND CASH EQUIVALENTS

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

SHORT TERM INVESTMENTS

Short term investments are recorded at lower of cost and market value.

INVESTMENTS

Portfolio investments are recorded at fair market value. OCN's investments in various commercial enterprises are accounted for using the modified equity method. Under the modified equity method, the cost of the investments are adjusted for OCN's share of the commercial enterprises' income or loss less dividends.

OTHER ASSETS

Franchise fees for the OCN Blizzard Junior "A" Hockey Club are recorded at cost. No provision has been made for amortization of franchise fees.

NET ASSETS (DEBT)

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

TANGIBLE CAPITAL ASSETS

Tangible capital assets are stated at cost and recorded in the capital assets. Social housing assets acquired under Canada Mortgage and Housing Corporation 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 of tangible capital assets is recorded on a straight line basis at the following annual rates:

| | |
|-----------------|-----------|
| Buildings | 2.5 - 4% |
| Computers | 20 - 50% |
| Equipment | 2.5 - 20% |
| Roads | 2.5 - 8% |
| Vehicles | 10 - 30% |
| Water and sewer | 4% |

Amortization is computed at one-half of the annual amortization in the year of acquisition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Cree Nation's ability to provide goods or services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed tangible capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot reasonably be determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

SEGMENTS

The Cree Nation conducts its business through a number of reportable segments. 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.

REVENUErecognition

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

FINANCIAL INSTRUMENTS

Financial instruments include cash, accounts receivable, investments, accounts payable and accrued liabilities and long term debt. Unless otherwise stated, it is management's opinion that the Cree Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Unless otherwise stated, the carrying value of Cree Nation's financial assets and liabilities approximates their fair value.

FAIR VALUE

Due to the short term nature of all financial instruments other than long term debt and investments, the carrying value as presented in financial statements are reasonable estimates of fair value. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate, and if so any difference would be accounted for in the period in which it becomes known. For investments in government business enterprises and long term debt it is not practicable within constraints of timeliness or cost to determine the fair value with sufficient reliability because the instruments are not traded in an organized financial market.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates. Items requiring significant estimates include the allowance for doubtful accounts and the useful life of tangible capital assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

RECENT ACCOUNTING PRONOUNCEMENTS

PRONOUNCEMENTS EFFECTIVE FOR FISCAL YEARS BEGINNING ON OR AFTER APRIL 1, 2021

In June 2011, the PSAB issued Section PS 1201, Financial Statement Presentation, which revises and replaces Financial Statement Presentation, Section PS 1200. The new standard introduces a new statement for reporting of remeasurement gains and losses. Earlier adoption is permitted.

In June 2011, the PSAB issued Section PS 2601, Foreign Currency Translation, which revises and replaces Foreign Currency Translations, Section PS 2600. Definition of currency risk is aligned with the new Financial Instruments Section, PS 3450. The new standard also removes certain previously available exceptions to measurement of items on initial recognition. The deferral and amortization of foreign exchange gains and losses relating to long-term foreign currency denominated monetary items, hedge accounting and presentation of items as synthetic instruments are removed. In addition, the new statement of remeasurement gains and losses introduced in Section PS 1201 is used to reflect exchange gains and losses until the period of settlement, rather than reflecting them in the statement of operations. Earlier adoption is permitted.

In March 2012, the PSAB issued Section PS 3041, Portfolio Investments, which replaces Section PS 3040, Portfolio Investments. In addition, Section PS 3030 is withdrawn as the distinction between temporary and portfolio investments is removed with the issue of Section PS 3041. The scope in the new standard is expanded to include interests in pooled investment funds and requirement for application of cost method is removed. The new standard is also aligned with the new Financial Instrument Section, PS 3450. Earlier adoption is permitted.

In June 2011, the PSAB issued Section PS 3450, Financial Instruments, which establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. The standard introduces two measurement categories: fair value and cost or amortized cost. The statement of remeasurement gains and losses will reflect gains and losses arising on fair value remeasurement until an item is derecognized. The standard also introduces new disclosure requirements of items reported and the nature and extent of risks arising from financial instruments. Earlier adoption is permitted.

In August 2018, the PSAB issued Section PS 3280, Asset Retirement Obligations, which establishes standards on how to account for and report a liability for asset retirement obligations. Earlier adoption is permitted.

PRONOUNCEMENTS EFFECTIVE FOR FISCAL YEARS BEGINNING ON OR AFTER APRIL 1, 2022

In November 2018, the PSAB issued Section PS 3400, Revenue, which establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. Earlier adoption is permitted.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

2. CASH

Cash is comprised of the following:

| | 2 0 2 0 | 2 0 1 9 |
|---------------------------------------|----------------------------|----------------------------|
| Unrestricted | | |
| Opaskwayak Cree Nation | \$ 9,541,927 | \$ 9,365,408 |
| Opaskwayak Cree Nation Land Tax | 35,697 | 115,650 |
| Opaskwayak Educational Authority Inc. | 3,776,681 | 526,253 |
| Opaskwayak Health Authority | 4,331,517 | 4,349,533 |
| Opaskwayak Housing Authority | 1,358,260 | 1,200,942 |
| Rod McGillivary Memorial Care Home | <u>434,515</u> | <u>690,404</u> |
| | <u><u>\$19,478,597</u></u> | <u><u>\$16,248,190</u></u> |

3. RESTRICTED CASH

CMHC Replacement Reserve

As required as part of the Cree Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to tangible capital assets. Under the terms of the agreements with CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At March 31, 2020, \$1,213,869 (2019 - \$849,571) had been deposited into separate accounts leaving an over funded balance of \$325,792 (2019 - \$39,917).

Ottawa Trust Fund

The Ottawa Trust Fund arises 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. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned when it is measurable and collection is reasonably assured. Capital and revenue trust monies are transferred to the Cree Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the Cree Nation's Council.

| | 2 0 2 0 | 2 0 1 9 |
|--|----------------------------|----------------------------|
| CMHC Replacement Reserve | | |
| Opaskwayak Housing Authority | 1,213,869 | 849,571 |
| Ottawa Trust Fund | 7 | 7 |
| First Nations Finance Authority | 3,060,483 | 1,412,984 |
| Health Moveable Assets Reserve | 97,983 | 86,462 |
| Internally Restricted Reserves and Funds | | |
| Rod McGillivary Memorial Care Home | 211,399 | 211,339 |
| Opaskwayak Cree Nation | 111,405 | 103,124 |
| Opaskwayak Educational Authority Inc. | 27,651 | 27,322 |
| Opaskwayak Health Authority | 1,761,179 | 501,088 |
| Opaskwayak Housing Authority | <u>99,854</u> | <u>99,905</u> |
| | <u><u>\$ 6,583,830</u></u> | <u><u>\$ 3,291,802</u></u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

4. ACCOUNTS RECEIVABLE

| | 2 0 2 0 | 2 0 1 9 |
|---------------------------------------|-----------------------------|-----------------------------|
| Indigenous Services Canada | | |
| Basic Needs - COVID-19 | \$ 152,974 | \$ |
| Basic Needs - Septic | 648 | 648 |
| Capacity Building | 15,500 | 15,500 |
| Capital | 153,727 | 153,727 |
| Community Economic Development | 29,249 | 29,249 |
| Economic Development | 20,000 | 20,000 |
| Education Design and Construction | 51,340 | 51,340 |
| Education O&M | 31,630 | 31,630 |
| Environment | | 95,704 |
| ESA Steps 5-6 | 12,254 | |
| Facilities O&M | 24,986 | 24,986 |
| Fire Smart | | 7,200 |
| FN School 2nd Level | 128,541 | |
| FN School Kindergarten | 66,742 | |
| Preparedness | | 13,800 |
| Response COVID-19 | 346,932 | |
| Advances receivable | 13,133 | 249,591 |
| C.M.H.C. | 12,670 | 12,670 |
| Goods and services tax | 41,572 | 16,973 |
| Housing rents | 5,730,074 | 5,536,373 |
| Related entities | 12,971,849 | 12,394,326 |
| Trade and other | <u>8,237,786</u> | <u>7,734,443</u> |
| Subtotal | <u>28,062,607</u> | <u>26,299,672</u> |
| Less: Allowance for doubtful accounts | | |
| Trade and other | (5,390,885) | (5,147,411) |
| Housing rents | <u>(5,479,156)</u> | <u>(5,216,964)</u> |
| | <u><u>\$ 17,192,566</u></u> | <u><u>\$ 15,935,297</u></u> |

5. LOAN RECEIVABLE

Loan receivable, due on December 31, 2022 from National Access Cannabis Corp., interest at 10% per annum, receivable in monthly installments of interest only.

2 0 2 0

2 0 1 9

\$ 9,000,000 \$ 9,000,000

Loan receivable, due on December 31, 2024 from National Access Cannabis Corp., interest at 10% per annum, receivable in monthly installments of interest only.

4,000,000

Promissory notes receivable, due on June 30, 2020 from CannaRoyalty Corp., interest at 10% per annum, receivable in monthly installments of interest only.

30,500,000\$ 43,500,000 \$ 9,000,000

On September 29, 2020, the loan agreement with CannaRoyalty Corp. was amended to provide for an updated maturity date and certain other terms of the original loans. The amended loan is secured by a general security agreement which is subordinate to the claims of a senior agent, bears an interest rate of 10% per annum, is subject to a commitment fee and is due June 30, 2021.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

| 6. INVESTMENTS | 2 0 2 0 | 2 0 1 9 |
|---|----------------------------|-----------------------------|
| Investments in enterprises | \$ 6,611,075 | \$ 6,138,515 |
| Share of income to date | <u>2,399,646</u> | <u>12,456,954</u> |
| | <u><u>\$ 9,010,721</u></u> | <u><u>\$ 18,595,469</u></u> |
| 7. OTHER ASSETS | 2 0 2 0 | 2 0 1 9 |
| Franchise fees | \$ - | \$ 50,000 |
| Allowance for decline in value | <u>-</u> | <u>(49,999)</u> |
| | <u><u>\$ -</u></u> | <u><u>\$ 1</u></u> |
| 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES | 2 0 2 0 | 2 0 1 9 |
| Accrued liabilities | \$ 2,433,651 | \$ 2,382,868 |
| Payroll remittances and deductions | 5,383 | 22,614 |
| Related entities | 750,792 | 1,643,596 |
| Trade and other | <u>3,280,528</u> | <u>4,097,685</u> |
| | <u><u>\$ 6,470,354</u></u> | <u><u>\$ 8,146,763</u></u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

9. DEFERRED REVENUE

| | 2 0 2 0 | 2 0 1 9 |
|--|----------------------|---------------------|
| Indigenous Services Canada | | |
| Assisted Living | \$ 129,479 | \$ 149,365 |
| Basic Needs COVID-19 | 152,974 | |
| Capacity and Innovation | | 20,000 |
| Capacity Building | 15,500 | |
| Care Home Support COVID-19 | 95,080 | |
| Client Supports | 145,808 | 18,396 |
| Community Led Planning | 162,000 | 162,000 |
| Community Well Being Jurisdiction Initiative | 897,934 | 422,302 |
| Comprehensive Community Planning | 55,985 | 80,643 |
| Economic Capacity Building | 20,000 | 20,000 |
| Education Planning and Design | 51,340 | |
| Elementary and Secondary Education | 787,281 | |
| Emergency Preparedness | 14,400 | |
| Environmental Site Assessment | | 95,704 |
| Five Unit Housing Project | 599,026 | |
| FNLM Operational Support | | 139,897 |
| High Cost Education - New Allotment | 319,215 | |
| Income Assistance | | 609,397 |
| Lagoon Project | 45,208 | 1,387,893 |
| Landfill Project | 582,005 | 794,804 |
| Lot Development Fund | 276,550 | |
| Planning and Risk Management | 105,040 | |
| Post Secondary and Professional | 491,478 | |
| Regional Implementation | | 5,500 |
| Response COVID-19 | 202,983 | |
| Rod McGillivray Memorial Care Home | | 389,871 |
| School Program - Kindergarten | 244,721 | |
| Second Level Funding | 803,317 | |
| Skills Link - Links to Success | 26,834 | |
| Special Education 2nd Level Targeted | 154,492 | |
| Water Treatment Plant | <u>3,181,123</u> | - |
| | <u>9,559,773</u> | <u>4,295,772</u> |
| First Nations and Inuit Health | | |
| Health Services Integration Fund | 253,986 | 207,397 |
| Jordan's Principle - Therapy Services | 150,000 | |
| Midwifery Program | 151,984 | |
| Non-Insured Health Benefits - Transportation | 261,990 | 155,521 |
| Non-Insured Health Benefits - Vision | 38,940 | 66,421 |
| Physician Travel | 18,525 | |
| Prescription Drug Abuse | - | 115,832 |
| | <u>875,425</u> | <u>545,171</u> |
| Other Programs | | |
| Opaskwayak Cree Nation | 3,286,836 | 3,656,688 |
| Opaskwayak Educational Authority | | 57,100 |
| Opaskwayak Health Authority | 1,113,413 | 1,128,464 |
| Opaskwayak Housing Authority | <u>103,989</u> | 69,570 |
| | <u>4,504,238</u> | <u>4,911,822</u> |
| | <u>\$ 14,939,436</u> | <u>\$ 9,752,765</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

10. LONG TERM DEBT

| | 2 0 2 0 | 2 0 1 9 |
|---|------------|------------|
| Caterpillar Financial Services Limited financing payable, interest at 5.95%, repayable in monthly installments of \$6,235 (P&I), due August 2021, secured by assignment of title. | \$ 95,674 | \$ 173,398 |
| Caterpillar Financial Services Limited financing payable, interest at 5.95%, repayable in monthly installments of \$5,861 (P&I), due June 2021, secured by assignment of title. | 84,523 | 147,768 |
| First Nations Finance Authority promissory note payable, interest at 3.65%, repayable in monthly installments of \$30,040 (P&I), due December 2028, secured by assignment of provincial gaming revenue and tax rebates. | 20,000,000 | |
| First Nations Finance Authority promissory note payable, interest at 3.41%, repayable in monthly installments of \$34,004 (P&I), due December 2027, secured by assignment of provincial gaming revenue and tax rebates. | 6,198,413 | 6,389,465 |
| First Nations Finance Authority promissory note payable, interest at 3.65%, repayable in monthly installments of \$30,040 (P&I), due December 2028, secured by assignment of provincial gaming revenue and tax rebates. | 4,406,346 | 4,547,489 |
| First Nations Finance Authority interim financing (<i>Note 11</i>) | 27,765,000 | 16,489,000 |
| C.M.H.C. mortgage, 1.03%, repayable in monthly installments of \$7,187 (P & I), due October 2021, secured by Ministerial Guarantee and assignment of all risks insurance. | 934,977 | 1,011,156 |
| Bank of Nova Scotia mortgage, 2.85%, repayable in monthly installments of \$5,426 (P & I), due January 2021, secured by Ministerial Guarantee and assignment of all risks insurance. | 351,214 | 404,061 |
| First Nations Bank mortgage, 3.04%, repayable in monthly installments of \$7,016 (P & I), due November 2019, secured by Ministerial Guarantee and assignment of all risks insurance. | | 55,367 |
| C.M.H.C. mortgage, 1.19%, repayable in monthly installments of \$4,085 (P & I), due November 2020, secured by Ministerial Guarantee and assignment of all risks insurance. | 237,820 | 283,708 |
| Bank of Nova Scotia mortgage, 2.94%, repayable in monthly installments of \$5,028 (P & I), due December 2020, secured by Ministerial Guarantee and assignment of all risks insurance. | 11,840 | 69,245 |
| C.M.H.C. mortgage, 2.39%, repayable in monthly installments of \$4,538 (P & I), due March 2023, secured by Ministerial Guarantee and assignment of all risks insurance. | 396,363 | 440,790 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

10. LONG TERM DEBT *(continued)*

| | 2 0 2 0 | 2 0 1 9 |
|---|-----------------------------|-----------------------------|
| C.M.H.C. mortgage, 1.84%, repayable in monthly installments of \$2,826 (P & I), due September 2022, secured by Ministerial Guarantee and assignment of all risks insurance. | 374,138 | 400,914 |
| C.M.H.C. mortgage, 2.14%, repayable in monthly installments of \$4,506 (P & I), due March 2024, secured by Ministerial Guarantee and assignment of all risks insurance. | 650,738 | 690,451 |
| C.M.H.C. mortgage, 1.01%, repayable in monthly installments of \$4,390 (P&I), due February 2021, secured by Ministerial Guarantee and assignment of all risks insurance. | 774,416 | 819,032 |
| C.M.H.C. mortgage, 1.05%, repayable in monthly installments of \$5,211 (P & I), due August 2021, secured by Ministerial Guarantee and assignment of all risks insurance. | 942,693 | 995,023 |
| C.M.H.C. mortgage, 1.86%, repayable in monthly installments of \$5,224 (P & I), due April 2024, secured by Ministerial Guarantee and assignment of all risks insurance. | 1,217,158 | |
| C.M.H.C. mortgage, 1.89%, repayable in monthly installments of \$3,482 (P & I), due November 2024, secured by Ministerial Guarantee and assignment of all risks insurance. | 683,989 | 712,328 |
| C.M.H.C. mortgage, 1.30%, repayable in monthly installments of \$3,722 (P & I), due October 2022, secured by Ministerial Guarantee and assignment of all risks insurance. | 862,892 | 896,108 |
| C.M.H.C. mortgage, 2.52%, repayable in monthly installments of \$5,720 (P & I), due September 2023, secured by Ministerial Guarantee and assignment of all risks insurance. | 1,217,940 | 1,255,462 |
| C.M.H.C. mortgage advances to be converted to long term debt upon completion of Post-96 housing project. | <u>1,020,502</u> | <u>1,192,053</u> |
| | <u>\$ 68,226,636</u> | <u>\$ 36,972,818</u> |

The scheduled principal amounts payable within the next five years to meet retirement provisions is estimated to be as follows:

| | |
|----------------|---------------|
| March 31, 2021 | \$ 29,103,203 |
| 2022 | 1,251,499 |
| 2023 | 1,231,318 |
| 2024 | 1,253,811 |
| 2025 | 1,276,940 |

11. INTERIM FINANCING - FIRST NATIONS FINANCE AUTHORITY

The Cree Nation has entered into an agreement with the First Nations Finance Authority (FNFA) to borrow funds at an interest rate of 3.75%. The funds received have been advanced by the FNFA in anticipation of a bond issuance by the FNFA. This interim financing will be replaced by long term financing upon the issuance of such securities based on the earlier of five years from the date of issuance of the interim financing or the completion by the First Nation of the defined purpose included in the Borrowing Agreement.

The interim financing loans require monthly interest payments only and are paid from secured revenue sources other than Indigenous Services Canada or First Nations and Inuit Health funding. These funds are specified in the Borrowing Law adopted by the First Nation and are paid directly into a Secured Revenues Trust Account (SRTA), which is governed by a Secured Revenues Trust Management Agreement between the Cree Nation and the FNFA.

The following amounts are withdrawn directly from the SRTA, which is governed by a trust agreement:

- 1) Monthly interest and principal payments directly to the FNFA under the terms of the Borrowing Agreement, and
- 2) The excess in the SRTA is paid to the Cree Nation.

A) DEBT RESERVE FUND:

Investment: 5% of any funds borrowed from the FNFA are held by the FNFA in a fund as security for bond and interim financing providers payments. If at any time the Cree Nation does not have sufficient funds to meet its obligations under the terms and conditions of the Borrowing Agreement, the payments will be made from the Debt Reserve Fund. As at March 31, 2020 \$3,034,388 (2019 - \$1,412,925) was held in this fund.

2020 2019

B) CURRENT INTERIM FINANCING

Funds outstanding \$ 27,765,000 \$ 16,489,000

Total interest paid during the current fiscal year on interim financing was \$888,019.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

12. TANGIBLE CAPITAL ASSETS

| | Cost | | | Accumulated Amortization | | | Net Book Value | |
|-----------------|----------------------|----------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|----------------------|
| | Opening Balance | Additions | Closing Balance | Opening Balance | Amortization | Closing Balance | Total 2020 | Total 2019 |
| Buildings | \$ 79,015,782 | \$ 22,213,122 | \$101,228,904 | \$ 37,557,084 | \$ 2,994,762 | \$ 40,551,846 | \$ 60,677,058 | \$ 41,458,698 |
| Computers | 1,083,493 | 696,245 | 1,779,738 | 907,098 | 86,792 | 993,890 | 785,848 | 176,395 |
| Equipment | 8,909,564 | 639,598 | 9,549,162 | 7,396,780 | 550,160 | 7,946,940 | 1,602,222 | 1,512,784 |
| Land | 1,820,743 | | 1,820,743 | | | | 1,820,743 | 1,820,743 |
| Roads | 6,766,219 | 64,600 | 6,830,819 | 5,105,587 | 150,566 | 5,256,153 | 1,574,666 | 1,660,632 |
| Vehicles | 5,742,509 | 476,689 | 6,219,198 | 3,844,193 | 615,161 | 4,459,354 | 1,759,844 | 1,898,316 |
| Water and sewer | 8,914,131 | - | 8,914,131 | 4,889,276 | 575,111 | 5,464,387 | 3,449,744 | 4,024,855 |
| | <u>\$112,252,441</u> | <u>\$ 24,090,254</u> | <u>\$136,342,695</u> | <u>\$ 59,700,018</u> | <u>\$ 4,972,552</u> | <u>\$ 64,672,570</u> | <u>\$ 71,670,125</u> | <u>\$ 52,552,423</u> |

13. CONSTRUCTION IN PROGRESS

| | 2020 | 2019 |
|-----------------------|---------------------|----------------------|
| OCN Lagoon Project | \$ 17,826,970 | |
| OCN Landfill Project | 517,994 | 305,196 |
| CMHC Post-96 Project | 1,091,384 | 1,085,616 |
| Water Treatment Plant | 818,876 | |
| ISC 5 Unit Project | 815,974 | - |
| | <u>\$ 3,244,228</u> | <u>\$ 19,217,782</u> |

Construction in progress will be transferred to tangible capital assets upon completion and will be amortized accordingly.

14. CONTINGENT LIABILITIES

The individual incorporated entities have not made any provision for corporation capital taxes in the financial statements. Entities maintain they are exempt from corporation capital taxes because their beneficial shareholder, the Opaskwayak Cree Nation, is recognized as a Canadian Municipality under certain sections of the Income Tax Act, Canada, which exempts wholly-owned corporations of Canadian Municipalities from taxation.

Otineka Development Corporation Ltd. has won its appeal before the Tax Court of Canada which reaffirmed its status as a Canadian Municipality for Income Tax purposes. The decision applied only to corporation income taxes and not to Manitoba Corporation Capital Tax.

If the individual incorporated entities are found to be taxable for corporation capital tax purposes, payment of any taxes and interest owing will be accounted for in the year of determination.

- a) OCN is contingently liable as guarantor of certain loans for OCN members and Pinesiw Energy Limited Partnership totaling \$994,567 (2019 - \$1,094,542).
- b) OCN has signed agreements with various government bodies for funding of programs which may require that surpluses be returned. If any amounts become repayable, they will be accounted for in the year of determination.

15. COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, increased or reduced funding availability, increased or decreased demand for services, increased government regulations or interventions, all of which may negatively impact the financial conditions or results of operations of the Cree Nation. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

16. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE

REVENUE PER STATEMENT OF OPERATIONS (*Statement 2*)

| | | |
|--------------------------------|-----------------------------|----------------------|
| Indigenous Services Canada | \$ 42,575,620 | \$ 43,890,599 |
| First Nations and Inuit Health | <u>8,674,576</u> | <u>-</u> |
| | <u>\$ 51,250,196</u> | <u>\$ 43,890,599</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

17. ECONOMIC DEPENDENCE

Opaskwayak Cree Nation receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada.

18. RELATED PARTY TRANSACTIONS

In the normal course of business the Cree Nation enters into transactions with related parties. Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due to the significant volume of transactions between the Cree Nation and related parties aggregate revenue and expenditures derived from related parties is not determinable.

19. FINANCIAL INSTRUMENTS

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

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations.

Financial instruments that subject the Cree Nation to significant credit risk consist of accounts receivable and loans receivable. Accounts receivable from funders such as Indigenous Services Canada or Canada Mortgage and Housing Corporation have minimal credit risk. The Cree Nation assesses counterparty payment performance on an on-going basis and to reduce its credit risk exposure has established a collections program. There is some geographical concentration of credit risk in the Opaskwayak Cree Nation region. There is a material concentration of credit risk in the cannabis industry. An allowance for doubtful accounts has been recognized for amounts for which management believes collection is doubtful.

Liquidity risk

Liquidity risk is the risk of being unable to generate sufficient cash or its equivalent in a timely and cost effective manner in order to meet commitments as they become due. The Cree Nation manages liquidity risk through its annual budgeting process, by maintaining sufficient cash on hand and through borrowing, when required.

Other price risk

Other price risk is the risk that the fair value of the Cree Nation's investments will fluctuate due to changes in market prices (other than those arising from foreign currency risk, or interest rate risk) whether those changes are caused by factors specific to the individual financial instrument, its issuer, or factors affecting all similar financial instruments traded in the market. It arises primarily on equity and private market investments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

19. FINANCIAL INSTRUMENTS *(continued)*

The Cree Nation is primarily exposed to other price risk on its investments in National Access Cannabis Corp., which is publicly traded on the TSX Venture exchange under the symbol "META", Alternate Health Corp., which is publicly traded on the Canadian Securities Exchange under the symbol "AHG:CC" and Trichome Financial Corp., which is publicly traded on the Canadian Securities Exchange under the symbol "TFC", all operate in the cannabis industry. Subsequent to year end, it was announced that META would be acquired by a competitor to create Canada's largest cannabis retailer.

As at March 31, 2020, if equity prices increased or decreased by 10% with all other factors remaining constant, net assets (debt) and accumulated surplus would have increased or decreased by approximately \$255,919.

Fair value

The Cree Nation accounts for its portfolio investments at fair value. Financial instruments reported at fair value are then categorized under a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The three levels of the fair value hierarchy are as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that management has the ability to access at the measurement date
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are not observable. There is little if any market activity. Inputs into the determination of fair value require significant judgement or estimation.

The Cree Nation has classified its portfolio investments accounted for at fair value as Level 1.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

20. EXPENSES BY OBJECT

The following is a summary of expenses by object:

| | 2 0 2 0 | 2 0 1 9 |
|---|----------------------|----------------------|
| Advertising and promotion | \$ 119,461 | \$ 120,320 |
| Amortization | 4,972,552 | 4,273,672 |
| Bad debts | 884,294 | 703,183 |
| Bank charges | 88,725 | 45,178 |
| Board and honoraria | 381,201 | 314,437 |
| Community initiatives and contributions | 4,839,091 | 4,781,642 |
| Dividends | 1,200 | 1,500 |
| Equipment | 20,705 | 312,610 |
| Flood | 151,808 | |
| Fuel and oil | 277,176 | 292,604 |
| Insurance | 658,432 | 648,966 |
| Interest | 1,698,657 | 1,180,222 |
| Loss on investment | 10,138,404 | 208,232 |
| Non-Insured Health Benefits | 1,816,308 | 1,704,306 |
| Office and general | 81,151 | 84,704 |
| Other | 1,501,955 | 903,124 |
| Professional fees | 1,934,415 | 1,030,999 |
| Property taxes, grants in lieu and leases | 392,303 | 262,705 |
| Rent | 490,807 | 460,783 |
| Repairs and maintenance | 2,698,310 | 2,525,474 |
| Replacement reserve | 219,419 | 193,530 |
| Salaries and benefits | 27,909,491 | 24,974,848 |
| Social assistance | 6,279,632 | 6,383,080 |
| Student support | 4,337,100 | 3,825,844 |
| Supplies | 1,636,335 | 1,877,643 |
| Telephone | 608,275 | 421,288 |
| Training | 314,293 | 433,888 |
| Travel | 1,052,676 | 1,018,670 |
| Utilities | 889,471 | 883,443 |
| Eliminations | (3,006,683) | (3,132,675) |
| | <u>\$ 73,386,964</u> | <u>\$ 56,734,220</u> |

21. COMPARATIVE FIGURES

Certain prior year comparative amounts have been reclassified where necessary to conform to the presentation adopted for the current year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

22. SEGMENT DISCLOSURE

Opaskwayak Cree Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The segment results for the year are as follows:

| | Governance and Administration | | Hydro and Band Funds | | Band Development Authority | | Land and Leases | | Capital and Capital Projects | |
|--------------------------|-------------------------------|---------------------|-----------------------|---------------------|----------------------------|---------------------|-------------------|--------------------|------------------------------|----------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Revenues | | | | | | | | | | |
| Federal Government | | | | | | | | | | |
| ISC | \$ 1,119,933 | \$ 1,733,410 | \$ | \$ | \$ 80,180 | \$ 57,792 | \$ 669,534 | \$ 317,386 | \$ 6,285,918 | \$ 12,353,652 |
| CMHC | | | | | | | | | | |
| ESDC | | | | | | | | | | |
| Other | — | — | — | — | — | — | — | — | — | — |
| Subtotal | 1,119,933 | 1,733,410 | | | 80,180 | 57,792 | 669,534 | 317,386 | 6,285,918 | 12,353,652 |
| Other revenue | 1,609,970 | 1,060,630 | 11,751,129 | 10,879,544 | 94,934 | 60,456 | 399,412 | 501,179 | — | — |
| Total revenue | 2,729,903 | 2,794,040 | 11,751,129 | 10,879,544 | 175,114 | 118,248 | 1,068,946 | 818,565 | 6,285,918 | 12,353,652 |
| Expenses | | | | | | | | | | |
| Amortization | | | | | | | | | 1,743,633 | 1,311,970 |
| Debt servicing | | 3,548 | 1,531,309 | 975,378 | | | | | | |
| Other | 1,222,316 | 1,074,983 | 11,602,315 | 2,491,650 | 278,677 | 145,865 | 450,806 | 465,708 | 477,953 | 239,233 |
| Salaries and benefits | 2,591,002 | 2,296,642 | — | — | 364,769 | 573,287 | 365,882 | 437,959 | — | — |
| Total expenses | 3,813,318 | 3,375,173 | 13,133,624 | 3,467,028 | 643,446 | 719,152 | 816,688 | 903,667 | 2,221,586 | 1,551,203 |
| Surplus (Deficit) | \$(1,083,415) | \$(581,133) | \$(1,382,495) | \$ 7,412,516 | \$(468,332) | \$(600,904) | \$ 252,258 | \$(85,102) | \$ 4,064,332 | \$ 10,802,449 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

22. SEGMENT DISCLOSURE *(continued)*

| | Employment and Training | | Social Services | | Child Care | | Economic Development | | Public Works, Water and Sewer | |
|--------------------------|-------------------------|--------------------|-------------------|------------------|------------------|--------------------|----------------------|----------------|-------------------------------|---------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Revenues | | | | | | | | | | |
| Federal Government | | | | | | | | | | |
| ISC | \$ 177,038 | \$ 168,971 | \$ 8,069,710 | \$ 7,729,064 | \$ 252,700 | \$ 252,700 | \$ 555,563 | \$ 328,570 | \$ 852,901 | \$ 634,587 |
| FNIH | | | | | | | | | | |
| CMHC | | | | | | | | | | |
| ESDC | 2,072,715 | 1,236,144 | | | 289,818 | 391,463 | | | | |
| Other | - | - | - | - | - | - | - | - | - | - |
| Subtotal | 2,249,753 | 1,405,115 | 8,069,710 | 7,729,064 | 542,518 | 644,163 | 555,563 | 328,570 | 852,901 | 634,587 |
| Other revenue | 266,377 | 281,157 | 4,800 | - | 648,157 | 218,979 | - | - | 871,036 | 969,317 |
| Total revenue | 2,516,130 | 1,686,272 | 8,074,510 | 7,729,064 | 1,190,675 | 863,142 | 555,563 | 328,570 | 1,723,937 | 1,603,904 |
| Expenses | | | | | | | | | | |
| Amortization | | | 4,709 | 591 | | | | | | |
| Debt servicing | | | | | | | | | | |
| Other | 1,048,828 | 1,116,247 | 6,997,247 | 7,083,488 | 433,465 | 235,394 | 555,563 | 328,570 | 1,369,328 | 1,150,056 |
| Salaries and benefits | 886,843 | 647,260 | 751,143 | 645,576 | 683,480 | 655,093 | - | - | 1,148,278 | 1,054,598 |
| Total expenses | 1,935,671 | 1,763,507 | 7,753,099 | 7,729,655 | 1,116,945 | 890,487 | 555,563 | 328,570 | 2,528,020 | 2,227,752 |
| Surplus (Deficit) | \$ 580,459 | \$(77,235) | \$ 321,411 | \$(591) | \$ 73,730 | \$(27,345) | \$ - | \$ - | \$(804,083) | \$(623,848) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

22. SEGMENT DISCLOSURE *(continued)*

| | Recreation | | Fire Department | | Community Buildings | | Special Projects | | Education | |
|-----------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|------------------------------|
| | <u>2020</u> | <u>2019</u> |
| Revenues | | | | | | | | | | |
| Federal Government | | | | | | | | | | |
| ISC | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| FNIH | | | 124,176 | 119,530 | 83,817 | 118,310 | 840,964 | 243,158 | 18,007,503 | 14,616,852 |
| CMHC | | | | | | | | | 58,500 | |
| ESDC | | | | | | | | | | |
| Other | — | — | — | — | — | — | 79,053 | — | — | — |
| Subtotal | — | — | 124,176 | 119,530 | 83,817 | 118,310 | 920,017 | 243,158 | 18,066,003 | 14,616,852 |
| Other revenue | <u>750,789</u> | <u>261,289</u> | <u>—</u> | <u>—</u> | <u>993,674</u> | <u>1,075,019</u> | <u>668,725</u> | <u>678,631</u> | <u>896,982</u> | <u>866,898</u> |
| Total revenue | <u>750,789</u> | <u>261,289</u> | <u>124,176</u> | <u>119,530</u> | <u>1,077,491</u> | <u>1,193,329</u> | <u>1,588,742</u> | <u>921,789</u> | <u>18,962,985</u> | <u>15,483,750</u> |
| Expenses | | | | | | | | | | |
| Amortization | | | | | | | | | 1,623,120 | 1,462,437 |
| Debt servicing | | | | | | | | | | |
| Other | 1,095,002 | 693,927 | 173,367 | 194,771 | 1,144,659 | 1,138,754 | 1,614,540 | 741,076 | 5,700,658 | 5,747,880 |
| Salaries and benefits | <u>273,082</u> | <u>220,884</u> | <u>92,074</u> | <u>69,812</u> | <u>493,520</u> | <u>450,368</u> | <u>420,314</u> | <u>295,678</u> | <u>11,535,032</u> | <u>9,322,774</u> |
| Total expenses | <u>1,368,084</u> | <u>914,811</u> | <u>265,441</u> | <u>264,583</u> | <u>1,638,179</u> | <u>1,637,993</u> | <u>2,034,854</u> | <u>1,036,754</u> | <u>18,858,810</u> | <u>16,533,091</u> |
| Surplus (Deficit) | <u><u>\$(617,295)</u></u> | <u><u>\$(653,522)</u></u> | <u><u>\$(141,265)</u></u> | <u><u>\$(145,053)</u></u> | <u><u>\$(560,688)</u></u> | <u><u>\$(444,664)</u></u> | <u><u>\$(446,112)</u></u> | <u><u>\$(114,965)</u></u> | <u><u>\$(104,175)</u></u> | <u><u>\$(1,049,341)</u></u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

22. SEGMENT DISCLOSURE (continued)

| | Care Home | | Health | | Housing | | Land Tax | | Elimination | | TOTAL | |
|-----------------------|--------------|--------------|--------------|-------------|--------------|--------------|-------------|-------------|-------------|-------------|---------------|---------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Revenues | | | | | | | | | | | | |
| Federal Government | | | | | | | | | | | | |
| ISC | \$ 4,291,591 | \$ 3,858,335 | \$ 497,367 | \$ 353,671 | \$ 919,425 | \$ 1,257,311 | \$ | \$ | \$ | \$ | \$ 42,575,620 | \$ 43,890,599 |
| FNIH | | | 8,363,376 | 7,801,089 | | | | | | | 8,674,576 | 8,053,789 |
| CMHC | | | | | 729,935 | 819,353 | | | | | 729,935 | 819,353 |
| ESDC | | | | | | | | | | | 2,362,533 | 1,627,607 |
| Other | — | — | 4,331 | 180,000 | — | — | — | — | — | — | 83,384 | 180,000 |
| Subtotal | 4,291,591 | 3,858,335 | 8,865,074 | 8,334,760 | 1,649,360 | 2,076,664 | — | — | — | — | 54,426,048 | 54,571,348 |
| Other revenue | 361,558 | 367,598 | 2,112,239 | 1,527,367 | 1,193,244 | 1,185,526 | 621,006 | 531,613 | (3,006,683) | (3,132,675) | 20,237,349 | 17,332,528 |
| Total revenue | 4,653,149 | 4,225,933 | 10,977,313 | 9,862,127 | 2,842,604 | 3,262,190 | 621,006 | 531,613 | (3,006,683) | (3,132,675) | 74,663,397 | 71,903,876 |
| Expenses | | | | | | | | | | | | |
| Amortization | 346,762 | 371,393 | 368,964 | 391,356 | 885,364 | 735,925 | | | | | 4,972,552 | 4,273,672 |
| Debt servicing | | | | | 156,934 | 129,327 | | | | | 1,698,657 | 1,180,222 |
| Other | 964,039 | 818,892 | 5,192,971 | 4,551,304 | 1,280,724 | 1,194,054 | 210,490 | 26,301 | (3,006,683) | (3,132,675) | 38,806,265 | 26,305,478 |
| Salaries and benefits | 3,097,079 | 3,011,070 | 4,277,981 | 3,977,638 | 847,247 | 1,245,797 | 81,764 | 70,412 | — | — | 27,909,490 | 24,974,848 |
| Total expenses | 4,407,880 | 4,201,355 | 9,839,916 | 8,920,298 | 3,170,269 | 3,305,103 | 292,254 | 96,713 | (3,006,683) | (3,132,675) | 73,386,964 | 56,734,220 |
| Surplus (Deficit) | \$ 245,269 | \$ 24,578 | \$ 1,137,397 | \$ 941,829 | \$ (327,665) | \$ (42,913) | \$ 328,752 | \$ 434,900 | \$ — | \$ — | \$ 1,276,433 | \$ 15,169,656 |