

**Chief Peguis Investment Corporation**  
**Non-Consolidated Financial Statements**

*March 31, 2020*  
*(Unaudited)*

## Management's Responsibility

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To the Shareholder of Chief Peguis Investment Corporation:


Management is responsible for the preparation and presentation of the accompanying non-consolidated financial statements, including responsibility for significant accounting judgements and estimates in accordance with Canadian accounting standards for private enterprises. 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 non-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 non-consolidated financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external accountants. The Board is also responsible for recommending the appointment of the Company's external accountants.

MNP LLP is appointed by Board, on behalf of the shareholder, to review the financial statements and report directly to them; their report follows. The external accountants have full and free access to, and meet periodically and separately with, both the Board and management to discuss their review engagement results.

March 11, 2021



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To the Shareholder of Chief Peguis Investment Corporation:

We have reviewed the accompanying non-consolidated financial statements of Chief Peguis Investment Corporation that comprise the non-consolidated balance sheet as at March 31, 2020, and the non-consolidated statements of earnings and deficit and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Non-Consolidated Financial Statements

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

## Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying non-consolidated financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of non-consolidated financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these non-consolidated financial statements.

## Basis for Qualified Conclusion

As at March 31, 2020 we were unable to obtain assurance over the reasonableness of advances from related party, therefore we were not able to determine what adjustments, if necessary, might be required to advances from related party, long-term receivables, expenses, net earnings and deficit beginning and end of year.

## Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the non-consolidated financial statements do not present fairly, in all material respects, the financial position of Chief Peguis Investment Corporation as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

## Emphasis of Matter

We draw to attention Note 2 in the non-consolidated financial statements, which indicates that the Company has a net deficit of \$1,618,299 (2019 - \$1,757,858). As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Winnipeg, Manitoba

March 11, 2021



Chartered Professional Accountants

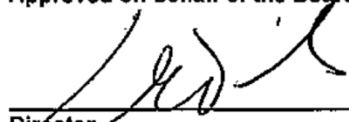
# Chief Peguis Investment Corporation

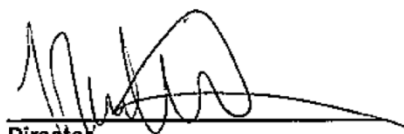
## Non-Consolidated Balance Sheet

As at March 31, 2020  
(Unaudited)

	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash	-	409,205
Accounts receivable (Note 4)	979,571	316,284
Prepaid expenses	17,034	24,184
Leasehold improvements receivable (Note 5)	11,026	13,857
	<b>1,007,631</b>	<b>763,530</b>
<b>Property and equipment (Note 6)</b>	<b>1,746,585</b>	<b>1,338,032</b>
<b>Investments (Note 7)</b>	<b>1,107,304</b>	<b>1,105,184</b>
<b>Long-term receivables (Note 8)</b>	<b>9,329,077</b>	<b>504,714</b>
	<b>13,190,597</b>	<b>3,711,460</b>
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness (Note 9)	530,533	-
Accounts payable (Note 10)	652,406	338,281
Tenant security deposits	166,814	152,246
Advances from related party (Note 11)	13,459,043	4,978,691
	<b>14,808,796</b>	<b>5,469,218</b>
<b>Significant event (Note 15)</b>		
<b>Shareholder's Deficit</b>		
Share capital (Note 12)	100	100
Deficit	(1,618,299)	(1,757,858)
	<b>(1,618,199)</b>	<b>(1,757,758)</b>
	<b>13,190,597</b>	<b>3,711,460</b>

Approved on behalf of the Board

  
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Director

  
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Director

## Chief Peguis Investment Corporation Non-Consolidated Statement of Earnings and Deficit

*For the year ended March 31, 2020  
(Unaudited)*

	2020	2019
<b>Sales</b>		
Revenue	927,395	827,679
Interest	700,966	3,598
Grant revenue	-	399,000
Miscellaneous	200	6,506
	<b>1,628,561</b>	<b>1,236,783</b>
<b>Expenses</b>		
Advertising and promotion	4,100	5,784
Amortization	87,264	71,373
Bad debts	-	23,865
Directors' fees	15,000	5,369
Donations	1,900	-
Insurance	2,105	6,309
Interest and bank charges	549,642	4,635
Meals and entertainment	1,985	2,387
Office	17,120	15,517
Professional fees	33,506	96,933
Property taxes	161,211	183,013
Rental	29,093	29,093
Repairs and maintenance	123,325	125,864
Salaries, wages and benefits	203,968	240,223
Sub-contracts	141,591	137,786
Telephone, fax and internet	8,792	9,329
Travel	3,720	3,963
Utilities	104,680	96,127
	<b>1,489,002</b>	<b>1,057,570</b>
<b>Net earnings</b>	<b>139,559</b>	<b>179,213</b>
<b>Deficit, beginning of year</b>	<b>(1,757,858)</b>	<b>(1,937,071)</b>
<b>Deficit, end of year</b>	<b>(1,618,299)</b>	<b>(1,757,858)</b>

The accompanying notes are an integral part of these non-consolidated financial statements

## Chief Peguis Investment Corporation Non-Consolidated Statement of Cash Flows

*For the year ended March 31, 2020  
(Unaudited)*

	<b>2020</b>	<b>2019</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Net earnings	139,559	179,213
Amortization	87,264	71,373
	<b>226,823</b>	250,586
Changes in working capital accounts		
Accounts receivable	(663,288)	(295,851)
Prepaid expenses	7,150	(18,934)
Leasehold improvements receivable	2,831	(7,214)
Long-term receivables	(8,824,363)	(392,119)
Accounts payable	314,126	(107,299)
Tenant security deposits	14,568	108,956
	<b>(8,922,153)</b>	(461,875)
<b>Financing activities</b>		
Advances from related party	8,480,352	1,972,269
Repayments of term loans due on demand	-	(85,000)
	<b>8,480,352</b>	1,887,269
<b>Investing activities</b>		
Purchases of property and equipment	(495,817)	(414,321)
Purchase of investments	(2,120)	(600,141)
	<b>(497,937)</b>	(1,014,462)
<b>Change in cash resources (deficiency)</b>	<b>(939,738)</b>	410,932
<b>Cash resources (deficiency), beginning of year</b>	<b>409,205</b>	(1,727)
<b>Cash resources (deficiency), end of year</b>	<b>(530,533)</b>	409,205

The accompanying notes are an integral part of these non-consolidated financial statements

# Chief Peguis Investment Corporation

## Notes to the Non-Consolidated Financial Statements

For the year ended March 31, 2020  
(Unaudited)

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### 1. Incorporation and operations

Chief Peguis Investment Corporation (the "Company") is a taxable Canadian controlled private corporation which was incorporated under the laws of the Province of Manitoba on June 13, 2012. The Company is a for profit corporation established to develop economic opportunities within and outside of Peguis First Nation to benefit the community at large.

### 2. Going concern

These non-consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will realize the carrying value of its assets and satisfy its obligations as they become due in the normal course of operations.

At March 31, 2020, the Company has an overall deficit of \$1,618,299 (2019 - \$1,757,858) and has a significant working capital deficiency.

The application of the going concern concept is dependent on the Company's ability to repay their liabilities, manage towards profitable operations and obtain the required financing with related parties. A failure to continue as a going concern would then require that stated amounts of assets and liabilities be reflected on a liquidation basis which could differ significantly from the going concern basis. These non-consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities were the Company unable to continue its operations.

### 3. Significant accounting policies

The non-consolidated financial statements have been prepared in accordance with Canadian Accounting Standards for Private Enterprises set out in Part II of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

#### ***Cash and cash equivalents***

Cash includes balances with banks.

#### ***Property and equipment***

Property and equipment are initially recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	<b><i>Method</i></b>	<b><i>Rate</i></b>
Automotive	straight-line	10 years
Computer equipment	straight-line	5 years
Furniture and fixtures	straight-line	10 years
Leasehold improvements	straight-line	20 years

# Chief Peguis Investment Corporation

## Notes to the Non-Consolidated Financial Statements

For the year ended March 31, 2020  
(Unaudited)

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### 3. Significant accounting policies (Continued from previous page)

#### **Financial instruments**

The Company recognizes its financial instruments when the Company becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions* (refer to Notes 8 and 11).

At initial recognition, the Company may irrevocably elect to subsequently measure any financial instrument at fair value. The Company has not made such an election during the year.

The Company subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. 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 less impairment. With the exception of financial liabilities indexed to a measure of the Company's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

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

#### **Long-lived assets**

Long-lived assets consist of property and equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Company 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. If the carrying amount is not recoverable, impairment is then 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 net earnings for the year.

#### **Measurement uncertainty (use of estimates)**

The preparation of non-consolidated financial statements in conformity with Canadian accounting standards for private enterprises 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 non-consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable and long-term receivables are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of property and equipment. Provisions are made for impairment of investments if the amount is determined to be permanent.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the statement of earnings and deficit in the year in which they become known.

#### **Revenue recognition**

Revenue include rents earned from tenants under lease agreements, parking, common area and property tax recoveries. Revenue earned is recognized over the period of the lease agreement.

Other and interest income is recognized as it is earned and collection is reasonably assured.

Grant revenue is recognized as the funds become receivable under the terms of the agreement.



# Chief Peguis Investment Corporation

## Notes to the Non-Consolidated Financial Statements

For the year ended March 31, 2020  
(Unaudited)

### 3. Significant accounting policies *(Continued from previous page)*

#### **Income taxes**

The Company accounts for income taxes using the future income taxes method. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

#### **Investments**

The Company's investments in entities for which it does not exercise control are accounted for using the cost method. The investments accounted for using the cost method are recorded at acquisition cost, less any provisions for permanent impairment. Investment income on these investments is recognized when dividends/distributions are received.

The Company accounts for its investment in a subsidiary using the cost method. Accordingly, the investment in a subsidiary (an entity over which the Company has the continuing power to determine its strategic operating, investing and financing policies without the co-operation of others) is recorded at acquisition cost, less any provisions for permanent impairment. Investment income is recognized when dividends/distributions are received.

On initial recognition, cost is measured at the acquisition-date fair value of the consideration transferred on the acquisition date and any consideration transferred before or after the acquisition date to the other party in exchange for the interest in the subsidiary. Consideration includes monetary and non-monetary consideration as well as any contingent consideration. When a subsidiary is acquired by an exchange of only equity interests, the acquisition-date fair value of the subsidiary's equity interests is used as the fair value of the consideration transferred, if those equity interests are more reliably measurable than the Company's equity interests.

Acquisition-related costs are recognized in net earnings (loss) as incurred with the exception of costs to issue debt and equity securities. Financing fees and transaction costs to issue debt are reflected in the acquisition-date fair value, and expenses relating to the issue of equity securities are shown separately in the statement of changes in equity.

#### **Employee future benefits**

The Company's employee future benefit program consists of a defined contribution pension plan. The amount recorded as an expense in the non-consolidated statement of earnings and deficit is equal to the Company's required contribution for the year.

### 4. Accounts receivable

	2020	2019
Trade receivables	451,967	110,303
Goods and Services Tax receivable	555,143	233,520
	1,007,110	343,823
Allowance for doubtful accounts	(27,539)	(27,539)
	979,571	316,284

Included in trade receivables is \$380,000 (2019 - \$2,736) owing from Tribal Wi-Chi-Way Win Capital Corporation ("TWCC"). TWCC provides management and accounting services for the Company.

# Chief Peguis Investment Corporation

## Notes to the Non-Consolidated Financial Statements

For the year ended March 31, 2020  
(Unaudited)

### 5. Leasehold improvements receivable

	2020	2019
TIPI Insurance	5,106	8,988
Roseau River Anishinabe First Nation	5,250	4,070
Modern Clan Marketing Communications Inc.	670	799
	11,026	13,857

### 6. Property and equipment

	2020	2020	2020
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net book value</i>
Automotive	8,300	415	7,885
Computer equipment	3,448	3,448	-
Furniture and fixtures	112,802	53,947	58,855
Construction in progress	275,000	-	275,000
Leasehold improvements	1,614,224	209,379	1,404,845
	2,013,774	267,189	1,746,585

	2019	2019	2019
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net book value</i>
Computer equipment	3,448	3,127	321
Furniture and fixtures	106,802	42,967	63,835
Leasehold improvements	1,407,707	133,831	1,273,876
	1,517,957	179,925	1,338,032

No amortization has been recorded on construction in progress assets during the current year because it is currently under construction.

# Chief Peguis Investment Corporation

## Notes to the Non-Consolidated Financial Statements

For the year ended March 31, 2020  
(Unaudited)

### 7. Investments

Investments include the following:

	Number of shares	2020	2019
Measured at cost:			
Investment in Aski Capital Inc.	2,200	1,100,000	1,100,000
Investment in 10038586 Manitoba Ltd. - Flint & Embers	51	51	51
Investment in Aseneskak Casino Partnership - Peguis	-	7,140	5,000
Investment in CFOM1 LP	-	1	1
Investment in Wawasum Energy Inc.	-	5	5
Investment in Modern Clan Marketing Communications Inc.	-	-	20
Investment in CRS Corporate Renewal Services Inc.	-	17	17
Investment in 10022241 Manitoba Ltd.	90	90	90
	2,341	1,107,304	1,105,184

In addition to the investments noted above, the Company holds 833,333 shares in MJardin Holdings Corporation, a publicly traded stock, with a fair value of \$0.15 per share (cost - \$15 per share). As at March 31, 2020, these shares are being held in trust for Peguis First Nation, and therefore have not been recorded as investments by the Company.

The Company owns 51% of 10038586 Manitoba Ltd., a subsidiary controlled through voting rights. The subsidiary is engaged in the retail cannabis industry for the distribution of cannabis and related products.

The Company owns 90% of 10022241 Manitoba Ltd., a subsidiary controlled through voting rights. The subsidiary is used to primarily hold investments.

### 8. Long-term receivables

	2020	2019
10030712 (TCN) Manitoba Ltd.	-	2,949
10038590 Manitoba Ltd.	564,125	112,595
Peguis Development Corporation	1,560,741	-
10038586 Manitoba Ltd. - Flint & Embers	1,467,685	389,170
GrowForce Manitoba Inc.	5,736,526	-
	9,329,077	504,714

Peguis Development Corporation ("PDC") is related to the Company as Peguis First Nation is the shareholder. 10038586 Manitoba Ltd. is a subsidiary of the Company. The amount receivable from GrowForce Manitoba Inc. is a promissory note that accrues interest at prime (3.45%) plus 9% per annum and is due on demand.

### 9. Bank indebtedness

Bank indebtedness is comprised of cheques issued in excess of cash in the bank.

### 10. Accounts payables

Included in trade payables is \$86,103 (2019 - \$41,461) owing to Tribal Wi-Chi-Way Win Capital Corporation.

# Chief Peguis Investment Corporation

## Notes to the Non-Consolidated Financial Statements

For the year ended March 31, 2020  
(Unaudited)

### 11. Advances from related party

The advances from Peguis First Nation are due on demand, non-interest bearing, has no specific terms of repayment. Peguis First Nation is the settlor and beneficiary of the shareholder of the Company. Included in the advances from Peguis First Nation is a promissory note for \$5,802,097 (related to the long-term receivable to GrowForce Manitoba Inc. in Note 8) bearing interest at 10% per annum and due on demand.

### 12. Share capital

	2020	2019
100 Common shares (2019 - 100)	100	100

### 13. Income taxes

The Company has non-capital losses estimated at \$1,456,600 (2019 - \$1,597,200) available to reduce future taxable income. The benefit of these losses has not been recorded in the non-consolidated financial statements. These losses will expire between the fiscal years 2035 - 2038.

### 14. Economic dependence

The Company is economically dependent on Peguis First Nation, which provides the majority of funds required for investments of the Company.

### 15. Significant event

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 Company 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. The extent of the impact is unknown at this time.

### 16. Comparative figures

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