

**Mushuau Innu First Nation
Consolidated Financial Statements**

March 31, 2022

Mushuau Innu First Nation
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For the year ended March 31, 2022

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Management's Responsibility

To the Members of Mushuau Innu First Nation:

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

MNP LLP is appointed by the Members 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 Council and management to discuss their audit findings.



Chief Financial Officer

To the Members of Mushuau Innu First Nation:

Opinion

We have audited the consolidated financial statements of Mushuau Innu First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules 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 the First Nation as at March 31, 2022, and the results of its consolidated operations, changes in its net financial assets 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 Consolidated Financial Statements section of our report. We are independent of the First 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 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 First 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 First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First 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 First 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 First 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 First 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 First 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.

Mount Pearl, Newfoundland and Labrador

July 21, 2023

MNP LLP

Chartered Professional Accountants

Mushuau Innu First Nation
Consolidated Statement of Financial Position
As at March 31, 2022

	2022	2021
Financial assets		
Cash and cash equivalents (Note 3)	32,746,055	27,383,405
Funds held in trust (Note 4)	184,224	119,684
Accounts receivable (Note 5)	2,630,562	2,686,417
Advances to related Nation entities and department	15,350	355
Due from government (Note 6)	4,717,448	4,762,181
Inventories for resale (Note 14)	263,681	205,244
Investments in Nation business entities (Note 7)	27,409,231	25,931,771
Total financial assets	67,966,551	61,089,057
Liabilities		
Accounts payable and accruals (Note 8)	4,170,275	4,800,934
Due to governments (Note 9)	1,930,058	1,425,071
Deferred revenue (Note 10)	15,570,607	11,113,027
Advances from related parties (Note 11)	2,710,398	2,710,285
Debt (Note 12)	4,320,946	1,495,412
Total financial liabilities	28,702,284	21,544,729
Net financial assets	39,264,267	39,544,328
Contingencies (Note 13)		
Non-financial assets		
Tangible capital assets (Schedule 1)	86,708,844	84,580,846
Inventories for use (Note 14)	815,357	609,549
Prepaid expenses and deposits	790,962	739,897
Total non-financial assets	88,315,163	85,930,292
Accumulated surplus (Note 15)	127,579,430	125,474,620

Approved on behalf of Chief and Council:



Chief



Councilor

Mushuau Innu First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2022

	2022 Budget (Note 17)	2022	2021
Revenue			
Federal government operating transfer (Note 16)	13,359,104	21,150,436	15,686,956
Federal government capital transfer (Note 16)	415,000	4,549,618	2,415,403
Provincial government operating transfer	2,050,032	2,312,586	2,087,368
Provincial government capital transfer (Note 16)	-	74,521	89,312
	15,824,136	28,087,161	20,279,039
Innu Nation	500,000	2,142,325	1,858,306
Facilities management	952,500	1,343,243	1,027,495
Infrastructure park	612,000	612,000	612,000
Sheshatshiu and Mushuau Innu First Nation Trust	4,044,500	8,247,266	6,808,988
Rental income	250,000	187,330	317,327
Earnings from investment in Nation business entities	1,000,000	4,178,230	6,251,558
Innu development Limited Partnership donations	-	288,917	29,254
Other	75,000	35,111	130,295
Postal	85,000	89,817	58,642
Interest	75,000	69,664	114,600
	23,418,136	45,281,064	37,487,504
Expenses (Note 18)			
Band support	4,008,925	3,082,271	3,365,865
Economic development	84,490	545,900	332,754
Education and training	1,069,631	2,185,675	2,128,099
Health commission	7,377,923	6,968,901	6,444,346
Mushuau EPH and Group Home Inc.	2,050,032	1,858,758	1,838,361
Natuashish Housing Authority	2,363,290	5,944,592	5,850,550
Operations and maintenance	7,154,161	13,998,697	12,090,776
Outpost, gatherings and traditional skills	435,000	1,871,290	1,893,073
Recreation and community events	1,684,400	1,795,401	1,439,664
Safety and security	480,000	558,189	1,429,291
Social programs	1,669,500	4,222,034	2,444,440
	28,377,352	43,031,708	39,257,219
Annual surplus (deficit) before other items	(4,959,216)	2,249,356	(1,769,715)
Provision for write down of investment in Nation business entities	-	(144,546)	(2,015,630)
Annual surplus (deficit)	(4,959,216)	2,104,810	(3,785,345)
Accumulated surplus, beginning of year	125,474,620	125,474,620	129,259,965
Accumulated surplus, end of year	120,515,404	127,579,430	125,474,620

The accompanying notes are an integral part of these financial statements

Mushuau Innu First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2022

	2022 <i>Budget</i> <i>(Note 17)</i>	2022	2021
Annual surplus (deficit)	(4,959,216)	2,104,810	(3,785,345)
Acquisition of tangible capital assets	-	(12,760,854)	(13,621,017)
Write down of tangible capital assets	-	-	528,317
Amortization of tangible capital assets	-	10,632,857	10,166,346
Acquisition (consumption) of inventories, net	-	(205,808)	247,438
Use (acquisition) of prepaid expenses, net	-	(51,066)	120,999
Decrease in net financial assets	(4,959,216)	(280,061)	(6,343,262)
Net financial assets, beginning of year	39,544,328	39,544,328	45,887,590
Net financial assets, end of year	34,585,112	39,264,267	39,544,328

Mushuau Innu First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	2,104,810	(3,785,345)
Non-cash items		
Earnings from investment in Nation business entities	(4,178,230)	(6,251,558)
Impairment loss on investment in Nation business entities	144,546	1,487,316
Amortization of tangible capital assets	10,632,857	10,166,346
	8,703,983	1,616,759
Changes in working capital accounts		
Accounts receivable	55,854	872,942
Prepays	(51,065)	120,999
Accounts payable and accruals	(630,659)	650,498
Deferred revenue	4,457,579	7,120,249
Due to governments	504,987	99,754
Inventories	(264,244)	339,021
Due from governments	44,733	128,330
	12,821,168	10,948,552
Financing activities		
Advances of debt	3,374,906	-
Repayment of debt	(549,372)	(521,737)
Advances from related parties, net	-	703,331
Repayment of advances to related parties, net	(14,882)	-
	2,810,652	181,594
Capital activities		
Acquisition of tangible capital assets	(12,760,854)	(13,621,017)
Write down of tangible capital assets	-	528,317
	(12,760,854)	(13,092,700)
Investing activities		
Withdrawals from Nation business enterprises	2,700,770	2,154,312
Contributions to investments in business enterprises	(144,546)	(1,487,316)
Trust funds held by the Ottawa Trust	(64,540)	(119,684)
Increase (decrease) in cash resources	5,362,650	(1,415,242)
Cash resources, beginning of year	27,383,405	28,798,647
Cash resources, end of year	32,746,055	27,383,405

The accompanying notes are an integral part of these financial statements

Mushuau Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

1. Operations

The Mushuau Innu First Nation (the "First Nation") is located in the province of Newfoundland and Labrador, and provides various services to its members. Mushuau Innu First Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are controlled by the Nation.

Impacts on operations of COVID-19 (coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses and organizations through the restrictions put in place by the Canadian, provincial, and municipal governments regarding travel, business operations, and isolation/quarantine orders.

The First Nation's operations were impacted by COVID-19 due to office closures, travel restrictions, cancellation of events, and increased costs of compliance with guidelines and regulations. As the First Nation provides essential services to its members, Indigenous Services Canada has increased the amount of financial resources provided to the First Nation in order to ensure the safe and orderly provision of services. The First Nation's total revenues was not negatively impacted as a result.

2. Significant accounting policies

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

Reporting entity consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for government business entities. Trusts administered on behalf of third parties by Mushuau Innu First Nation where the First Nation is not the sole beneficiary are excluded from the First Nation reporting entity.

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

- Mushuau Innu Operations Fund
- Mushuau Innu Relocation Corporation Inc.
- Mushuau Innu First Nation Community Trust
- Mushuau Innu First Nation Trust
- Mushuau EPH and Group Home Inc.

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.

Mushuau Innu First Nation government business entities, controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the consolidated 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 government business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First 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. Entities accounted for by the modified equity basis include:

- Innu Development Limited Partnership (45.995%)
- IED Enterprises Inc. (50%)
- Mushuau Innu Camp and Catering Limited Partnership (99.99%)
- Mushuau Innu Camp and Catering Inc. (100%)

Mushuau Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

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

Basis of accounting

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.

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, prepaid expenses and inventories of supplies.

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation are 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.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2022.

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

As at March 31, 2022, no liability for contaminated sites exists.

Cash and cash equivalents

Cash and cash equivalent include balances with banks, cash on hand, and short-term investments with maturities of three months or less.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting transaction through the statement of operation. Trust moneys consist of:

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

Inventory

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

Mushuau Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

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

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

- Prior to March 31, 2022, the First 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 First Nation can reasonably be expected within one year.

Inventory of fuel held for consumption is recorded at the lower of cost and replacement cost.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

When conditions indicate that a tangible capital asset no longer contributes to the First 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 First Nation reduces the cost of the asset to reflect the decline in its value. Write-downs of tangible capital assets are not reversed.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives.

In the first year of use capital assets are amortized at 50% of the normal rate.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Buildings	straight-line	20 years
Housing	straight-line	20 years
Equipment	straight-line	5 years
Infrastructure	straight-line	40 years
Transportation equipment	straight-line	5 years
Wharf	straight-line	5 years

Revenue recognition

Non-government Funding

Funding 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.

Government Transfers

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

Retail Sales

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service is performed.

Investment Income

Investment income is recognized by the Nation when the investment income is earned.

Other Revenue

Mushuau Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

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

Income are recognized when earned. Rent, lease, and other revenue is recognized when the related services are provided or over the term of the rental lease.

Measurement uncertainty

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable, and amounts due from related First Nation entities and departments, are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Inventory are stated at the lower of cost and net realizable value. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated 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.

Inter-entity transactions

The First Nation recognizes and records all transactions with entities within the First Nation reporting entity ("inter-entity transactions") at their carrying amount as determined at the transaction date.

The First Nation's purchases of supplies from related Nation entities are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length and is therefore recorded at the exchange amount.

Segments

The First Nation conducts its business through eleven reportable segments: Band Support, Economic Development, Education and Training, Health Commission, Mushuau EPH and Group Home Inc, Natuashish Housing Authority, Operations and Maintenance, Outpost Gathering and Traditional Skills, Recreation and community Events, Safety and security, and Social Programs. These operating segments are established by senior management to facilitate the achievement of the First 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 consolidated financial statements as disclosed in Note 19 Segments. Inter-segment transfers are recorded at their exchange amount.

Mushuau Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

3. Cash and cash equivalents

	2022	2021
Cash on hand	1,194	2,881
Cash in accounts	32,329,275	26,794,802
Mushuau Innu EPH and Group Home Inc.	415,586	585,722
	32,746,055	27,383,405

4. Funds held in trust

Revenue trust monies are transferred to the Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the Nation's Chief and Council.

	2022	2021
Revenue Trust		
Balance, beginning of year	119,684	-
Additions	64,540	119,684
	184,224	119,684

The trust funds arise from monies derived from 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. The additions are recognized as revenue when the funds are transferred into the trust.

5. Accounts receivable

	2022	2021
Members	47,336	45,716
Non members	2,620,280	2,654,904
	2,667,616	2,700,620
Less: Allowance for doubtful accounts	37,054	14,203
	2,630,562	2,686,417

6. Due from Government

	2022	2021
First Nation and Inuit Health Branch	1,473,784	296,477
Indigenous Services Canada	2,072,307	3,386,179
Canada Revenue Agency - Harmonized Sales Tax	1,025,593	1,044,384
Government of Newfoundland and Labrador	117,743	35,141
Public Safety Canada	18,868	-
Royal Canadian Mounted Police	9,153	-
	4,717,448	4,762,181

Mushuau Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

7. Investments in Nation business entities

	2022			
	<i>Balance, Beginning of year</i>	<i>Share of earnings (loss)</i>	<i>Withdrawals</i>	<i>Balance, end of year</i>
Business Partnerships – Modified Equity:				
Innu Development Limited Partnership - 49.995%	17,706,968	2,884,714	(2,476,612)	18,115,070
Mushuau Camp and Catering Limited Partnership - 99.99%	8,185,320	1,083,227	-	9,268,547
Mushuau Innu Camp and Catering Inc. - 100%	39,483	(13,869)	-	25,614
	25,931,771	3,954,072	(2,476,612)	27,409,231
	<i>Balance, beginning of year</i>	<i>Share of earnings</i>	<i>Withdrawals</i>	<i>Balance, end of year</i>
Business Partnerships – Modified Equity:				
Innu Development Limited Partnership - 49.995%	14,825,316	4,895,067	(2,013,415)	17,706,968
Mushuau Camp and Catering Limited Partnership - 99.99%	7,055,460	1,129,860	-	8,185,320
Mushuau Innu Camp and Catering Inc. - 100%	39,369	114	-	39,483
	21,920,145	6,025,041	(2,013,415)	25,931,771

Continued on next page

Mushuau Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

7. Investments in Nation business entities *(Continued from previous page)*

Summary financial information for each business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Innu Development Limited Partnership</i> <i>49.995%</i> <i>As at March 31, 2022</i>	<i>Mushuau Camp and Catering Limited Partnership</i> <i>99.99%</i> <i>As at March 31, 2022</i>	<i>Mushuau Innu Camp and Catering Inc.</i> <i>100%</i> <i>As at March 31, 2022</i>
Assets			
Cash	9,686,009	-	-
Accounts receivable	569,561	-	-
Inventory	72,282	-	-
Harmonized Sales Tax	187,780	-	-
Prepaid	114,399	-	-
Property and equipment	3,589,111	-	-
Intangible assets	4,516,828	-	-
Long-term investment	18,459,820	7,495,359	1,438
Due from related parties	117,387	1,855,533	39,670
Total assets	37,313,177	9,350,892	41,108
Liabilities			
Accounts payable and accruals	493,345	20,000	15,514
Deferred revenue	1,083,378	-	-
Due to related party	900	60,909	-
Total liabilities	1,577,623	80,909	15,514
Equity/Partners' Capital	35,735,554	9,269,983	25,594
Total revenue	18,550,370	1,100,337	131
Total expenses	13,094,311	16,900	14,000
	5,456,059	1,083,437	(13,869)
Other income	314,293	222,810	-
Comprehensive income (loss)	5,770,352	1,306,247	(13,869)

During the year, the First Nation recorded an impairment provision of \$144,546 (2021 - 2,015,630) against the net book value of its investment in Natuashish Shipping Limited Partnership, as a result of the projected future results of the entity's operations will be insufficient to recover the contributions to the investment. As at March 31, 2022, the investment in Natuashish Limited Partnership was Nil (2021 - Nil).

Mushuau Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

8. Accounts payable and accruals

	2022	2021
Trade payables	2,557,619	2,981,109
Accrued liabilities	1,287,483	1,715,142
Accrued salary and benefits payable	275,319	104,683
Innu Trust funding repayable	49,854	-
	4,170,275	4,800,934

9. Due to Governments

	2022	2021
Indigenous Services Canada	995,310	416,709
First Nation and Inuit Health Branch	895,254	881,123
Public Safety Canada	-	120,988
Canada Revenue Agency - Employee Deductions Payable	39,494	6,251
	1,930,058	1,425,071

10. Deferred revenue

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

	<i>Indigenous Services Canada</i>	<i>First Nation and Inuit Health Branch</i>	<i>Sheshatshiu and Mushuau Innu First Nation Trust</i>	<i>Total</i>
Balance, beginning of year	5,335,184	1,924,300	3,853,543	11,113,027
Revenue recognized	(3,298,197)	(5,067,028)	(3,721,118)	(12,086,343)
Contributions repayments	(581,228)	-	(49,854)	(631,082)
Revenue deferred	11,528,075	5,646,930	-	17,175,003
Balance end of year	12,983,834	2,504,202	82,571	15,570,605

Mushuau Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

11. Advances from (to) related parties

The First Nation is related to several other entity and department through common control and ownership.

	2022	2021
Advances from Mushuau Innu General Store Inc.	2,863,113	2,254,958
Advances from Dobson	3,049	130,102
Advances from (to) Innu Development Limited Partnership	(155,764)	325,225
Advances (to) Labrador Innu Round Table	(15,350)	(355)
	2,695,048	2,709,930
Presentation per Consolidated Statement of Financial Position (page 1):		
Advances from related parties	2,710,398	2,710,285
Advances (to) related parties	(15,350)	(355)
	2,695,048	2,709,930

The above amounts are interest free, unsecured, with no specific terms of repayment.

The First Nation has 99.99% ownership of Mushuau Innu Camp and Catering Limited Partnership which wholly owns Mushuau Innu General Store Inc.

The First Nation holds a 49.995% in the Innu Development Limited Partnership.

A significant number of the board of Labrador Innu Round Table Secretariat are appointed by the First Nation.

A significant number of the board of Mamu Tshishkutamashutau Innu Education Inc. are appointed by the First Nation.

Expenses include \$1,268,975 (2021 - \$742,694) paid or payable to a related party.

Revenue includes \$796,077 (2021 - \$740,504) received or receivable from a related party.

Capital additions includes \$2,555,861 (2021 - \$1,935,594) paid or payable to a related party.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Mushuau Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

12. Debt

	2022	2021
Royal Bank of Canada ("RBC") loan bearing interest at RBC Prime + 1% per annum, interest payments are due monthly. The loan matures and becomes a term loan on September 30, 2022.	3,374,906	-
RBC loan bearing interest at 2.32% per annum, repayable in monthly blended payments of \$48,180. The loan matures on November 20, 2023.	946,040	1,495,412
	4,320,946	1,495,412

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

	Principal
2023	594,525
2024	559,489
2025	166,810
2026	157,296
2027	147,258
	<hr/> 1,625,378
Thereafter	2,538,272

Prime rate as at March 31, 2022 was 2.45% (2021 - 2.45%)

The First Nation has provided a general security agreement and assignment of the First Nation net proceeds of the Innu Infrastructure Park Trust and an irrevocable Nation resolution to direct distributions from Innu Development Limited Partnership to the bank if requested as security for the demand loan.

RBC loan for \$3,937,079 was re-financed at maturity date with a term loan with a monthly payments of \$28,277 with an interest rate of 5.38% which matures on May 26, 2024.

13. Contingencies

- a) A number of claims have been made against the First Nation by various suppliers and third parties for unpaid invoices and related interest. These claims total \$870,254 while the First Nation has accrued \$142,173 in its records to settle these claims. The eventual amount these claims will be settled for is not determinable at the present time. Any future settlements in excess of this accrual will be recorded as expenses in the period settled.
- b) The First Nation is subject to funding recoveries according to their agreements with the federal government agencies. It has not yet been determined to what extent any funding amounts related to the year ended March 31, 2022 might be recovered.
- c) The First Nation has been named as a defendant in a statement of claim against Natuashish Shipping Limited Partnership due to alleged failure to pay specified amounts for services as per the Ship Management Agreement. The claim was filed in the amount of \$2,436,223 plus interest and cost of the action. At this time, the outcome is not determinable.

14. Inventories

The First Nation sources diesel fuel for use in operations and for sale to third parties, as well as operates a Post Office. As of year-end, the First Nation estimates that \$263,681 (2021 - \$205,244) of inventories will be sold to third parties, and \$815,357 (2021 - \$609,549) will be used in operations.

Mushuau Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

15. Accumulated surplus

Accumulated surplus consists of the following:

	2022	2021
Equity in Ottawa Trust Funds	184,224	119,684
Equity in tangible capital assets	82,387,897	83,085,434
Investment in Nation business entities	27,409,231	25,931,771
Surplus in operating funds	17,598,078	16,337,731
	127,579,430	125,474,620

16. Government transfers

	2022	2021
Federal government operating transfer:		
Woman and Gender Equality Canada	15,000	299,675
Department of Fisheries and Oceans	47,800	552,200
Public Safety Canada	474,415	36,635
Indigenous Service Canada	13,829,709	9,753,939
First Nation and Inuit Health Branch	6,040,407	4,486,965
Service Canada	743,104	557,542
	21,150,435	15,686,956
Federal government capital transfer:		
Indigenous Services Canada	3,340,220	1,011,511
First Nation and Inuit Health Branch	1,191,499	1,343,792
Public Safety Canada	17,900	60,100
	4,549,619	2,415,403
Provincial government capital transfer:		
Government of Newfoundland and Labrador	74,521	89,312
Provincial government operating transfer		
Government of Newfoundland and Labrador	2,312,586	2,087,368
Indigenous Services Canada Funding Reconciliation:		
ISC funding per Financial statements	24,401,835	16,596,207
Current year deferred	15,488,036	7,259,484
Prior year deferred	(7,259,484)	(3,782,536)
Recoveries	578,601	13,468
Change in First Nation Health Board Reimbursements	85,763	(294,879)
ISC funding per confirmation	33,294,752	19,791,744

Funding issued by Indigenous Services Canada are shown as First Nation and Inuit Health Branch and Indigenous Services Canada for tracking purposes. Government capital funding is restricted for the acquisitions or development of capital assets. Government operating funding is used to sustain the operations of the Nation.

17. Budget information

The disclosed budget information has been approved by the Chief and Council of the Mushuau Innu First Nation at the meeting held on July 6, 2021.

Mushuau Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

18. Consolidated expenses by object

	2022	2021
Amortization	10,632,857	10,166,346
Salaries and wages	10,731,024	12,914,418
Supplies	6,870,822	6,454,934
Travel	4,394,465	2,280,817
Other	4,289,960	3,520,962
Professional fees	3,839,164	1,953,694
Repairs and maintenance	1,609,473	1,247,552
Community payouts	588,500	623,500
Interest	60,990	93,306
Telephone	32,453	1,690
	43,049,708	39,257,219

19. Segments

During 2022, the First Nation had 11 of reportable segments: Band Support, Economic Development, Education and Training, Health Commission, Mushuau EPH and Group Home Inc, Natuashish Housing Authority, Operations and Maintenance, Outpost Gathering and Traditional Skills, Recreation and community Events, Safety and security, and Social Programs. These segments are differentiated by factors such as major activities, services lines, accountability, and control relationships. For management purposes and reporting purposes, the revenue, expenses, surplus (deficits) are organized by the following segments:

Band Support:

This segment reflects funding and expenses related to the administration of the First Nation.

Economic Development:

This segment includes activities related to the growth of revenue producing projects with the First Nation.

Education and Training:

This segment reflects funding and expenses related to the provision of education to the members.

Health Commission:

This segment includes projects and activities related to the provision of health services for the members.

Mushuau EPH and Group Home Inc.:

This segment relates to the revenue and expenses related to the consolidated Nation business enterprise.

Natuashish Housing Authority:

This segment relates to the operations of the housing department for members.

Operations and Maintenance:

This segment includes funding and expenses related to the maintenance of the community infrastructure.

Outpost, Gathering and Traditional Skills:

This segment is related to activities which promotes traditional learning and development.

Recreation and Community Events:

This segment is related to activities hosted for the members of the community.

Safety and Security:

This segment reflect funding and expenses related to the security of the members on reserve.

Social Programs:

This segment includes funding and expenses related to support services provided to members.

20. Comparative figures

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

Mushuau Innu First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2022

	<i>Building</i>	<i>Housing</i>	<i>Equipment</i>	<i>Infrastructure</i>	<i>Transportation equipment</i>	<i>Subtotal</i>
Cost						
Balance, beginning of year	77,533,782	77,336,738	6,384,450	53,370,595	1,721,300	216,346,865
Acquisition of tangible capital assets	49,307	8,606,996	476,281	3,419,633	208,637	12,760,854
Disposal of tangible capital assets	-	-	-	-	-	-
Balance, end of year	77,583,089	85,943,734	6,860,731	56,790,228	1,929,937	229,107,719
Accumulated amortization						
Balance, beginning of year	55,226,345	52,264,943	4,436,241	21,820,586	825,352	134,573,467
Annual amortization	3,837,781	3,823,935	739,083	1,377,010	293,557	10,071,366
Balance, end of year	59,064,126	56,088,878	5,175,324	23,197,596	1,118,909	144,644,833
Net book value of tangible capital assets	18,518,963	29,854,856	1,685,407	33,592,632	811,028	84,462,886
Net book value of tangible capital assets 2021	2021	22,307,419	25,071,795	1,954,313	31,550,009	889,861
						81,773,397