

**Mushuau Innu First Nation**  
**Consolidated Financial Statements**  
*March 31, 2023*

# Mushuau Innu First Nation

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*For the year ended March 31, 2023*

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## Management's Responsibility

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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 fulfils 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.



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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 "Nation"), which comprise the consolidated statement of financial position as at March 31, 2023, 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 Nation as at March 31, 2023, and the results of its consolidated operations, changes in its net financial assets and its consolidated cash flows and related schedules 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 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 Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Nation or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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, 2023

	2023	2022
<b>Financial assets</b>		
Cash and cash equivalents	12,187,749	32,746,055
Accounts receivable (Note 5)	4,141,564	2,630,562
Portfolio investments (Note 6)	17,169,585	-
Due from governments (Note 7)	12,318,006	4,717,448
Inventory for resale (Note 8)	732,362	263,681
Investments in partnerships and Nation business entities (Note 9)	29,648,499	27,409,231
Funds held in trust (Note 4)	249,630	184,224
<b>Total financial assets</b>	<b>76,447,395</b>	<b>67,951,201</b>
<b>Financial liabilities</b>		
Accounts payable and accruals (Note 10)	5,393,293	4,120,421
Due to governments (Note 11)	2,873,076	1,979,912
Deferred revenue (Note 12)	20,422,085	15,570,607
Advances from related parties (Note 13)	3,740,258	2,695,048
Debt (Note 14)	3,726,427	4,320,946
<b>Total financial liabilities</b>	<b>36,155,139</b>	<b>28,686,934</b>
<b>Net financial assets</b>	<b>40,292,256</b>	<b>39,264,267</b>
<b>Contingencies (Note 15)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	85,918,477	86,708,844
Inventory for consumption	2,257,708	815,357
Prepaid expenses	922,925	790,962
<b>Total non-financial assets</b>	<b>89,099,110</b>	<b>88,315,163</b>
<b>Accumulated surplus</b>	<b>129,391,366</b>	<b>127,579,430</b>

Approved on behalf of the Chief and Council:



Chief



Councillor

# Mushuau Innu First Nation

## Consolidated Statement of Operations and Accumulated Surplus

*For the year ended March 31, 2023*

	2023 <i>Budget</i> <i>(Note 19)</i>	2023	2022
<b>Revenue</b>			
Federal government operating transfer <i>(Note 17)</i>	23,835,971	30,226,438	21,102,635
Federal government capital transfer <i>(Note 17)</i>	137,019	7,935,204	4,549,619
Provincial government operating transfer <i>(Note 17)</i>	2,325,032	2,449,222	2,360,386
Provincial government capital transfer <i>(Note 17)</i>	-	39,259	74,521
	26,298,022	40,650,123	28,087,161
Earnings from investment in Nation business entities	1,850,000	5,239,208	3,954,072
Sheshatshiu Innu and Mushuau Innu First Nations Trust	4,644,711	3,771,372	8,247,266
Facilities management	952,500	1,470,039	1,343,243
Innu Nation	500,000	1,381,945	2,142,325
Infrastructure park	612,000	612,000	612,000
Interest	75,000	407,935	69,664
Rental	250,000	213,489	205,330
IDLP donations	-	100,000	288,917
Miscellaneous	75,000	79,704	259,269
Postal	85,000	66,149	89,817
	35,342,233	53,991,964	45,299,064
<b>Expenses <i>(Note 18)</i></b>			
Band support	4,239,265	4,046,716	3,063,497
Economic development	89,233	371,377	564,674
Education and training	1,583,901	2,616,457	2,185,675
Health commission	7,690,198	8,162,940	6,968,901
Mushuau EPH and Grouphome Inc.	2,050,032	1,960,735	1,876,758
Natuashish Housing Authority	2,129,600	6,805,478	5,944,592
Operations and maintenance	11,908,757	17,010,264	13,998,697
Outpost, gatherings and traditional skills	2,244,043	3,411,941	1,871,290
Recreation and community events	1,804,562	2,213,907	1,795,401
Safety and security	625,872	637,427	558,189
Social programs	3,454,500	4,754,837	4,222,034
	37,819,963	51,992,079	43,049,708
<b>Annual surplus before other items</b>	(2,477,730)	1,999,885	2,249,356
<b>Other income (expenses)</b>			
Provision for write down of investment in Nation business entities	-	(495,449)	(144,546)
Insurance proceeds	-	307,500	-
<b>Annual surplus</b>	(2,477,730)	1,811,936	2,104,810
<b>Accumulated surplus, beginning of year</b>	127,579,430	127,579,430	125,474,620
<b>Accumulated surplus, end of year</b>	125,101,700	129,391,366	127,579,430

*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, 2023*

	<b>2023 Budget (Note 19)</b>	<b>2023</b>	<b>2022</b>
<b>Annual surplus</b>	<b>(2,477,730)</b>	<b>1,811,936</b>	2,104,810
Acquisition of tangible capital assets	-	<b>(10,002,160)</b>	(12,760,854)
Amortization of tangible capital assets	-	<b>10,792,517</b>	10,632,857
Consumption of supplies inventory, net	-	<b>(1,442,351)</b>	(205,808)
Acquisition of prepaid expenses, net	-	<b>(131,953)</b>	(51,066)
<b>Increase (decrease) in net financial assets</b>	<b>(2,477,730)</b>	<b>1,027,989</b>	(280,061)
<b>Net financial assets, beginning of year</b>	<b>39,264,267</b>	<b>39,264,267</b>	39,544,328
<b>Net financial assets, end of year</b>	<b>36,786,537</b>	<b>40,292,256</b>	39,264,267

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

**Mushuau Innu First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2023*

	2023	2022
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	1,811,936	2,104,810
Non-cash items		
Earnings from investment in Nation business entities	(5,239,208)	(4,178,230)
Impairment loss on investment in Nation business entities	495,449	144,546
Amortization of tangible capital assets	10,792,517	10,632,857
	7,860,694	8,703,983
Changes in working capital accounts		
Accounts receivable	(1,510,992)	55,851
Prepaid expenses	(131,963)	(51,065)
Accounts payable and accruals	1,272,872	(630,659)
Deferred revenue	4,851,478	4,457,582
Due to governments	893,164	504,987
Inventories	(1,911,032)	(264,244)
Due from government	(7,600,558)	44,733
	3,723,663	12,821,168
<b>Financing activities</b>		
Advances of debt	-	3,374,906
Repayment of debt	(594,519)	(549,372)
Net advances from (to) related parties	1,045,210	(14,882)
	450,691	2,810,652
<b>Capital activities</b>		
Acquisition of tangible capital assets	(10,002,160)	(12,760,854)
<b>Investing activity</b>		
Purchase of portfolio investments	(17,169,585)	-
Funds held in trust	(65,406)	(64,540)
Withdrawals from Nation business entities	2,999,940	2,700,770
Contributions to Natuashish Shipping Limited Partnership	(495,449)	(144,546)
	(14,730,500)	2,491,684
<b>Increase (decrease) in cash resources</b>	(20,558,306)	5,362,650
<b>Cash resources, beginning of year</b>	32,746,055	27,383,405
<b>Cash resources, end of year</b>	12,187,749	32,746,055

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, 2023*

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**1. Operations**

The Mushuau Innu First Nation (the "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 either owned or controlled by the Nation.

**2. Change in accounting policies**

***Financial instruments***

Effective April 1, 2023, the Nation adopted the Public Sector Accounting Board's ("PSAB") new recommendations for the recognition, measurement, presentation and disclosure of financial assets, financial liabilities and derivatives under Section PS 3450 *Financial Instruments*. The new Section is applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

***Asset retirement obligations***

Effective April 1, 2022, the Nation adopted the Public Sector Accounting Board's ("PSAB") new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 *Asset Retirement Obligations*. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

Under the new standard, a liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset when certain criteria are met, as described in Note 3.

There was no material impact on the consolidated financial statements from the application of the new accounting recommendations.

**3. 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 Nation reporting entity, except for government business entities. Trusts administered on behalf of third parties by Mushuau Innu First Nation where the Nation is not the sole beneficiary are excluded from the Nation reporting entity.

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

- Mushuau Innu First Nation Operations Fund
- Mushuau Innu First Nation Community Trust
- Mushuau Innu First Nation Trust
- Mushuau EPH and Group Home Inc.
- Natuashish Shipping Limited Partnership
- Natuashish Shipping GP 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.

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

Mushuau Innu First Nation government business entities, owned or controlled by the Nation's Council but not dependent on the Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the government business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Innu Development Limited Partnership
- Mushuau Innu Camp and Catering Limited Partnership
- Mushuau Innu Camp and Catering Inc.

Investments in partnerships are accounted for using the proportionate consolidation method. The Nation's pro-rata share of the assets, liabilities, revenue, and expenses of the partnership have been combined on a line-by-line basis with similar items of the Nation.

***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.

***Cash and cash equivalents***

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

***Funds held in Ottawa Trust Fund***

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

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other Nation tangible capital assets; and
- Revenue trust monies 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.

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

- Prior to March 31, 2023, the Nation has committed to sell the asset;
- The asset is in a condition to be sold;
- The asset is publicly seen to be for sale;
- There is an active market for the asset;
- A plan exists for selling the asset; and
- A sale to a party external to the Nation can reasonably be expected within one year.

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

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

***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 Nation's ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value, the Nation reduces the cost of the asset to reflect the decline in its value. Write-downs of tangible capital assets are not reversed.

***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

***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 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, 2023.

At each financial reporting date, the 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 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, 2023, no liability for contaminated sites exist.

***Asset retirement obligation***

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Nation reviews the carrying amount of the liability. The Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

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

The 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, 2023, no liability for Asset Retirement Obligation is recognized.

**Net financial assets**

The 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 Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

**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 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 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.

**Other Revenue**

Investment and interest 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 are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Accruals are based on historical charges for unbilled goods and services at year-end.

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

The Nation's purchases of supplies from related Nation entities is 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.

**Mushuau Innu First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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

**Segments**

The 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 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. Inter-segment transfers are recorded at their exchange amount.

**4. Funds held in trust by the Federal Government**

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.

	<b>2023</b>	<b>2022</b>
<b>Revenue Trust</b>		
Balance, beginning of year	<b>184,224</b>	119,684
Additions	<b>65,406</b>	64,540
	<b>249,630</b>	184,224

**5. Accounts receivable**

	<b>2023</b>	<b>2022</b>
Members	<b>54,207</b>	47,336
Non members	<b>4,142,636</b>	2,620,280
	<b>4,196,843</b>	2,667,616
Less: Allowance for doubtful accounts	<b>55,279</b>	37,054
	<b>4,141,564</b>	2,630,562

**6. Portfolio investments**

Portfolio investments consist of guaranteed investment certificates with an interest rate at March 31, 2023, of 4.60% per annum and a maturity date of March 7, 2024.

**Mushuau Innu First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

**7. Due from Governments**

	2023	2022
First Nations and Inuit Health Branch	1,137,433	1,473,784
Indigenous Services Canada	8,892,559	2,072,307
Canada Revenue Agency - Harmonized Sales Tax	1,399,703	1,025,593
Government of Newfoundland and Labrador	221,138	117,743
Public Safety Canada	642,678	18,868
Royal Canadian Mounted Police	11,104	9,153
Labrador - Green Health	13,391	-
	<b>12,318,006</b>	<b>4,717,448</b>

**8. 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 \$732,361 (2022 - \$263,681) will be sold to third parties, and \$2,257,708 (2022 - \$815,357) will be used in operations.

	2023	2022
Fuel for resale	717,781	247,749
Post office	14,580	15,932
	<b>732,361</b>	<b>263,681</b>

**9. Investments in partnerships and Nation business entities**

The First Nation has a 49.995% interest in the Innu Development Limited Partnership, 99.99% interest in the Mushuau Camp and Catering Limited Partnership and owns 100% of Mushuau Innu Camp and Catering Inc.

The First Nation's investments in Nation business enterprises consist of the following:

				2023
	Investment cost	Cumulative share of earnings (loss)	Drawings	Total investment
<b>Business Partnerships – Modified Equity:</b>				
Innu Development Limited Partnership - 49.99%	18,115,070	5,635,743	(2,999,940)	20,750,873
Mushuau Camp and Catering Limited Partnership - 99.99%	9,268,547	(394,995)	-	8,873,552
Mushuau Innu Camp and Catering Inc. - 100%	25,614	(1,540)	-	24,074
	<b>27,409,231</b>	<b>5,239,208</b>	<b>(2,999,940)</b>	<b>29,648,499</b>
				2022
	Investment cost	Cumulative share of earnings (loss)	Withdrawals	Total investment
<b>Business Partnerships – Modified Equity:</b>				
Innu Development Limited Partnership - 49.99%	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
	<b>25,931,771</b>	<b>3,954,072</b>	<b>(2,476,612)</b>	<b>27,409,231</b>

**Mushuau Innu First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

**9. Investments in partnerships and 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 - 49.995% As at March 31, 2023</i>	<i>Mushuau Camp and Catering Limited Partnership - 99.99% As at March 31, 2023</i>	<i>Mushuau Innu Camp and Catering Inc. - 100% As at March 31, 2023</i>
<b>Assets</b>			
Cash and cash equivalents	10,492,647	-	-
Trade and other receivables	1,915,964	-	-
Inventory	72,282	-	-
Harmonized sales tax recoverable	194,766	-	-
Prepaid expenses	108,757	-	-
Property and equipment	3,653,949	-	-
Intangible assets	4,516,828	-	-
Long-term investments	21,332,313	7,102,825	1,399
Due from related parties	156,917	1,855,533	39,669
<b>Total assets</b>	<b>42,444,423</b>	<b>8,958,358</b>	<b>41,068</b>
<b>Liabilities</b>			
Accounts payable and accruals	485,768	22,500	17,014
Current portion of long-term debt	40,000	-	-
Deferred revenue	909,442	-	-
Due to related parties	900	60,909	-
<b>Total liabilities</b>	<b>1,436,110</b>	<b>83,409</b>	<b>17,014</b>
<b>Equity/Partners' Capital</b>	<b>41,008,313</b>	<b>8,874,949</b>	<b>24,054</b>
<b>Total revenue (loss)</b>	<b>22,872,201</b>	<b>(392,534)</b>	<b>(40)</b>
<b>Total expenses</b>	<b>11,997,566</b>	<b>2,500</b>	<b>1,500</b>
	<b>10,874,635</b>	<b>(395,034)</b>	<b>(1,540)</b>
<b>Other comprehensive income</b>	<b>399,103</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income (loss)</b>	<b>11,273,738</b>	<b>(395,034)</b>	<b>(1,540)</b>

During the year, the Nation recorded an impairment provision of \$495,449 (2022 - \$144,546) 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 made.

**10. Accounts payable and accruals**

	<b>2023</b>	<b>2022</b>
Trade payables	2,805,476	2,557,619
Accrued liabilities	2,500,596	1,287,483
Accrued salary and benefits payable	87,221	275,319
Innu Trust	49,854	49,854
	<b>5,443,147</b>	<b>4,170,275</b>

**Mushuau Innu First Nation**  
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*For the year ended March 31, 2023*

**11. Due to Governments**

	<b>2023</b>	<b>2022</b>
Indigenous Services Canada	<b>986,510</b>	995,310
First Nations and Inuit Health Branch	<b>1,831,603</b>	895,254
Service Canada	<b>5,000</b>	-
Canada Revenue Agency - employee deductions payable	<b>109</b>	39,494
	<b>2,823,222</b>	1,930,058

**12. 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 Nations and Inuit Health Branch</i>	<i>Sheshatshiu and Mushuau Innu First Nation Trust</i>	<i>Other</i>	<i>Total</i>
Balance, beginning of year	<b>12,983,834</b>	<b>2,504,201</b>	<b>82,571</b>	-	<b>15,570,607</b>
Recognized in revenue	<b>(30,743,984)</b>	<b>(5,280,094)</b>	-	-	<b>(36,024,077)</b>
Contributions repaid	-	<b>(947,675)</b>	-	-	<b>(947,675)</b>
Contributions received	<b>32,739,690</b>	<b>8,521,579</b>	-	<b>561,961</b>	<b>41,823,230</b>
Balance end of year	<b>14,979,540</b>	<b>4,798,011</b>	<b>82,571</b>	<b>561,961</b>	<b>20,422,085</b>

**13. Advances from (to) related Nation entities**

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

	<b>2023</b>	<b>2022</b>
Advances from Mushuau Innu General Store Inc.	<b>3,956,524</b>	2,863,113
Advances from Dobson	<b>(6,245)</b>	3,049
Advances to Labrador Innu Round Table	<b>(9,548)</b>	(15,350)
Advances to Innu Development Limited Partnership	<b>(200,473)</b>	(155,764)
	<b>3,740,258</b>	2,695,048

**Mushuau Innu First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

**13. Advances from (to) related Nation entities** *(Continued from previous page)*

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 \$1,979,053 (2022 - \$1,268,875) paid or payable to a related party.

Revenue includes \$583,320 (2022 - \$796,077) received or receivable from a related party.

Capital additions includes \$nil (2022 - \$2,555,861) 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.

**14. Long-term debt**

	<b>2023</b>	<b>2022</b>
Royal Bank of Canada ("RBC") loan bearing interest at RBC Prime + 1% per annum, interest payment are due monthly. The loan matures on May 26, 2024.	<b>3,342,555</b>	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.	<b>383,872</b>	946,040
	<b>3,726,427</b>	4,320,946

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
2024	559,494
2025	166,810
2026	157,296
2027	147,258
2028	136,667
	<b>1,167,525</b>
Thereafter	<b>2,558,901</b>

Prime rate as at March 31, 2023 was 6.70% (2022 - 2.45%)

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

**Mushuau Innu First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

**15. 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, 2023 might be recovered.
- c) The First Nation has been named as a defendant to an ongoing lawsuit against Natuashish Shipping Limited Partnership. The likelihood of the outcome as at the independent auditors report date is undeterminable. As such, no liability has been recognized in the financial statements as at March 31, 2023.

**16. Accumulated operating surplus**

Accumulated operating surplus consists of the following:

	2023	2022
Equity in Ottawa Trust Funds	249,630	184,224
Equity in tangible capital assets	82,192,050	82,387,897
Investment in Nation business entities	29,648,499	27,409,231
Surplus in operating funds	17,301,188	17,598,078
	<b>129,391,367</b>	<b>127,579,430</b>

**17. Government transfers**

	2023	2022
<b>Federal government operating transfer:</b>		
Woman and Gender Equality Canada	-	15,000
Women's Shelter Canada	235,000	-
Public Safety Canada	613,720	474,415
Indigenous Service Canada	23,056,817	13,829,709
First Nations and Inuit Health Branch	5,681,715	6,040,407
Service Canada	639,186	743,104
	<b>30,226,438</b>	<b>21,102,635</b>
<b>Federal government capital transfer:</b>		
Indigenous Services Canada	7,687,167	3,340,220
First Nations and Inuit Health Branch	237,947	1,191,499
Services Canada	-	17,900
Public Safety Canada	10,090	-
	<b>7,935,204</b>	<b>4,549,619</b>
<b>Provincial government capital transfer:</b>		
Government of Newfoundland and Labrador	39,260	74,521
<b>Provincial government operating transfer</b>		
Government of Newfoundland and Labrador	2,449,222	2,360,386

**Mushuau Innu First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

**17. Government transfers** *(Continued from previous page)*

**Indigenous Services Canada funding reconciliation:**

ISC funding per Financial Statements	36,663,646	24,401,835
Current year deferred	19,777,551	15,488,036
Prior year deferred	(15,488,035)	(7,259,484)
Recoveries	947,674	578,601
Change in First Nation Health Board Reimbursements receivable	(772,900)	85,763

ISC funding per confirmation	41,127,936	33,294,752
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Funding issued by Indigenous Services Canada are shown as First Nations 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.

**18. Consolidated expenses by object**

	2023	2022
Amortization	10,792,518	10,632,857
Salaries and wages	12,674,375	10,731,024
Supplies	9,779,574	6,870,822
Travel	5,560,103	4,394,465
Other	5,122,272	4,289,960
Professional fees	3,561,254	3,839,164
Repairs and maintenance	3,376,943	1,609,473
Community payouts	595,500	588,500
Interest	216,858	60,990
Telephone	312,682	32,453
	51,992,079	43,049,708

**19. 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 September 23, 2022.

**20. Segments**

During 2023, 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 Nation.

**Economic Development:**

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

**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.

**20. Segments** *(Continued from previous page)*

Mushuau EPH and Group Home Inc.:

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

Natuashish Housing Authority:

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

Operations and Maintenance:

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

Outpost, Gathering and Traditional Skills:

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

Recreation and Community Events:

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

Safety and Security:

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

Social Programs:

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

**21. Comparative figures**

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