

Red Earth Cree Nation

Consolidated Financial Statements

March 31, 2022

Red Earth Cree Nation

Management's Responsibility for Financial Reporting

March 31, 2022

The consolidated financial statements have been prepared by management in accordance with the Public Sector Accounting Standards (PSAS) of the Chartered Professional Accountants of Canada (CPA) and the reporting requirements of the funding agreement with Indigenous Services Canada. Financial statements are not precise since they contain certain amounts based on estimates and judgments. When alternative methods exist, management has chosen what it deems most appropriate, in the circumstances, in order to ensure that the financial statements are presented fairly in all material respects.

Management is also responsible for implementing and maintaining a system of internal controls designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss and financial records are properly maintained to provide reliable information for the presentation of consolidated financial statements.

Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The consolidated financial statements have been reviewed and approved by Chief and Council.

The Chief and Council review and approve the consolidated financial statements for issuance to Band members. The Chief and Council meet periodically with management, as well as external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and review the financial statements and the external auditors' report.

McClelland Debusschere CPA PC Inc., an independent firm of Chartered Professional Accountants, has been engaged to examine the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their report stating the scope of their examination and opinion on the consolidated financial statements, follows.

Signature on file

Red Earth Cree Nation Chief

Signature on file

Finance Manager



McClelland Debusschere

Chartered Professional Accountants

Assurance Tax Advisory

Independent Auditors' Report

To the Members
Red Earth Cree Nation

Opinion

We have audited the consolidated financial statements of Red Earth Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2022 and the consolidated consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Red Earth Cree Nation as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with the Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted accounting standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of 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.

Emphasis of Matter - Restated Comparative Information

We draw attention to note 23 in the consolidated financial statements, which explains that certain comparative information for the year ended March 31, 2021 has been restated. The consolidated financial statements for the year ended March 31, 2021 were audited by another practitioner who expressed an unqualified opinion on those consolidated financial statements on January 26, 2023.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with 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 these consolidated financial statements, management is responsible for assessing the nation's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 to do so.

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



McClelland Debusschere

Chartered Professional Accountants
Assurance Tax Advisory

Independent Auditors' Report

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 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.

*McClelland Debusschere
CPA PC INC*

Saskatoon, SK
September 1, 2023

Chartered Professional Accountants

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Red Earth Cree Nation
Consolidated Statement of Financial Position
March 31, 2022

	2022	2021 (restated, see note 23)
Financial Assets		
Cash	\$ 2,282,403	\$ 3,627,714
Restricted assets (Note 2)	11,292,039	10,795,716
Accounts receivable (Note 3)	2,579,555	865,955
Trust funds held by federal government (Note 4)	18,226	15,305
Investments in Government Partnerships (Note 5)	1,808,806	1,509,031
LHCS Inventory for resale	170,049	168,366
	18,151,078	16,982,087
Financial Liabilities		
Accounts payable (Note 6)	2,495,600	2,910,933
Long term debt (Note 7)	3,639,549	4,254,113
Unexpended revenue (Note 8)	15,745,215	12,525,398
	21,880,364	19,690,444
Net Debt	(3,729,286)	(2,708,357)
Non-financial Assets		
Prepaid	1,836	53,667
Property, plant and equipment (Note 9)	42,023,118	43,010,145
	42,024,954	43,063,812
Accumulated Surplus (Note 10)	\$ 38,295,668	\$ 40,355,455
Contingencies (Note 11)		

Approved on behalf of the First Nation:

Signature on file, Chief

Signature on file, Councilor

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

Red Earth Cree Nation
Consolidated Consolidated Statement of Operations
For the Year Ended March 31, 2022

	2022 Budget	2022	2021 (restated, see note 23)
Revenue			
Grants and Contributions			
Indigenous Services Canada (Note 12)	\$ 16,842,485	\$ 24,297,679	\$ 25,359,236
Ottawa trust fund	-	2,921	2,940
Prince Albert Grand Council	217,888	1,172,103	1,197,046
Canada Mortgage and Housing Corporation	14,000	769,707	329,916
First Nations Trust	432,000	326,163	414,410
Northern Lights Community Development Corp.	91,010	68,654	-
Rental revenue	122,300	236,293	217,167
Income (loss) from government business partnerships	-	349,776	(198,826)
Store sales	-	4,032,818	3,931,351
Insurance proceeds	-	118,914	-
Interest and other revenue	-	516	1
Administration fees	1,014,059	1,893,560	954,868
Other revenue	644,658	1,034,557	1,743,872
Recognition (deferral) of unexpended funds	324,315	(3,222,176)	(5,928,523)
	19,702,715	31,081,485	28,023,458
Expenses			
Social Development (schedule 1)	2,942,763	2,657,851	2,559,093
Band Government (schedule 2)	1,642,629	3,391,495	1,470,720
Community Infrastructure (schedule 3)	1,109,557	2,497,073	2,276,707
Education (schedule 4)	11,141,582	11,810,082	9,091,935
Housing and Capital (schedule 5)	826,292	2,005,502	1,669,015
Community Health (schedule 6)	-	2,787,654	1,728,203
Economic Development (schedule 7)	193,898	111,355	117,466
Other programs (schedule 8)	1,725,910	7,880,260	8,622,025
	19,582,631	33,141,272	27,535,164
Current surplus	120,084	(2,059,787)	488,294
Accumulated surplus - Beginning of the year	40,355,455	40,355,455	39,867,161
Accumulated surplus - End of the year	\$ 40,475,539	\$ 38,295,668	\$ 40,355,455

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

Red Earth Cree Nation

Statement of Changes in Net Debt

For the Year Ended March 31, 2022

	2022 Budget	2022	2021 (restated, see note 23)
Annual surplus (deficit)	\$ 120,084	\$ (2,059,787)	\$ 488,294
Acquisition of property, plant and equipment	-	(1,154,206)	(3,155,250)
Amortization of property, plant and equipment	-	2,141,190	1,968,248
Proceeds on disposal of property, plant and equipment	-	44	900,757
Decrease (increase) in prepaid expenses	-	51,830	(51,834)
Change in net debt during the year	120,084	(1,020,929)	150,215
Net debt - Beginning of year	(2,708,357)	(2,708,357)	(2,858,572)
Net debt - End of year	<u>\$ (2,588,273)</u>	<u>\$ (3,729,286)</u>	<u>\$ (2,708,357)</u>

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

Red Earth Cree Nation

Consolidated Statement of Cash Flows For the Year Ended March 31, 2022

	2022	2021 (restated, see note 23)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Annual surplus (deficit)	\$ (2,059,786)	\$ 488,294
Non-cash items:		
Amortization	2,141,190	1,968,248
Loss (income) from government partnerships	(349,776)	198,826
Distributions received from Government Partnerships	50,000	50,000
Change in working capital items:		
Change in trust funds held by federal government	(2,921)	(2,941)
Change in accounts payable	(415,333)	438,190
Change in prepaid	51,830	(51,834)
Change in accounts receivable	(1,713,600)	(471,018)
Change in restricted assets	(496,323)	(3,188,256)
Change in deferred revenue	3,219,816	5,537,797
Change in LHCS inventory for resale	(1,682)	11,198
	423,415	4,978,504
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long term debt	(614,564)	(9,191)
CAPITAL ACTIVITIES:		
Purchase of property, plant, and equipment	(1,154,206)	(3,155,250)
Proceeds on disposal of capital assets	44	900,757
	(1,154,162)	(2,254,493)
Net cash increase (decreases)	(1,345,311)	2,714,820
Cash at beginning of year	3,627,714	912,894
Cash at end of year	\$ 2,282,403	\$ 3,627,714

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

Red Earth Cree Nation

Notes to the Financial Statements

For the Year Ended March 31, 2022

Red Earth Cree Nation is an Indian Band subject to the provisions of the Indian Act. These financial statements include the Red Earth Cree Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

The reporting entity Red Earth Cree Nation is governed by elected officials from the Red Earth Cree Nation.

Red Earth Cree Nation is exempt from payment of income tax under Section 149(1) of the Income Tax Act.

The First Nation operates to provide various essential services to its members.

1. Significant Accounting Policies

a. Basis of Accounting

These consolidated financial statements have been prepared in accordance with Public Sector Accounting Standards (PSAS) prescribed for governments as recommended by the Chartered Professional Accountants of Canada.

b. Principles of Consolidation

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

Red Earth Cree Nation - Operations

Red Earth Cree Nation - Section 95 Social Housing Operation

Red Earth Cree Nation - Health Service

Red Earth Cree Developments Inc. (operating as Lionel Head Memorial Store)

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Under the modified equity method of accounting, only Red Earth Cree Nation's investment in the government business partnership and its net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Red Earth Cree Nation. Entities recorded under the modified equity method include:

Prince Albert Development Corporation

Prince Albert First Nations Business Development LP

Long-term investments in non-controlled entities are recorded at the lower of cost or net realizable value.

c. Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible assets, prepaid expenses and inventory of supplies.

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

Red Earth Cree Nation

Notes to the Financial Statements

For the Year Ended March 31, 2022

1. Significant Accounting Policies

d. Net debt or net financial assets

The financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt or net financial assets is determined by its financial assets less outstanding liabilities. Net debt or net financial assets is comprised of two components, non-financial assets and accumulated surplus.

e. Cash

Cash includes cash on hand, balances with banks net of bank overdrafts, and term deposits having a maturity of 90 days of less at acquisition which are held for the purpose of meeting short-term cash commitments.

Any cash that is legally restricted from use is recorded in restricted assets. Cash and deposits are considered restricted when they are subject to contingent rights of third parties.

f. Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amounts 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's settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. There are no known liabilities at March 31, 2022.

Red Earth Cree Nation

Notes to the Financial Statements For the Year Ended March 31, 2022

1. Significant Accounting Policies

g. Property, plant, and equipment

Property, plant, and equipment are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Red Earth Cree Nation's incremental cost of borrowing.

Amortization is provided for over the estimated useful lives of the assets. Half a year of amortization is recorded in the year of acquisition.

Infrastructure	50 - 20 years straight-line method
Buildings	40 - 25 years straight-line method
Band Housing	25 years straight-line method
Equipment and vehicles	5 - 3 years straight-line method
Buildings (Lionel Head Memorial Store)	4% declining balance method
Equipment and vehicles (Lionel Head Memorial Store)	30 - 20% declining balance method

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

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

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

Red Earth Cree Nation

Notes to the Financial Statements
For the Year Ended March 31, 2022

1. Significant Accounting Policies

h. Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable and member advances are assessed for collectability annually and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of property, plant, and equipment. Payroll at year end is examined to determine an appropriate accrual for wages payable.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements.

i. Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenues and expenses represent both amounts that are directly attributed 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.

j. Internal charges and transfers

The central administration office provides services to other program areas. To recognize the cost of these services a corresponding revenue and expense is recorded and referred to as "Administration fees."

Red Earth Cree Nation

Notes to the Financial Statements **For the Year Ended March 31, 2022**

1. Significant Accounting Policies

k. Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is not practicable.

Government transfers, which includes transfers from Indigenous Services Canada, Prince Albert Grand Council, Canada Mortgage and Housing Corporation, First Nations Trust, Ottawa Trust Fund, and Northern Lights Community Development Corporation are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor and are recognized as revenue when used for a specific purpose.

Other revenues, which includes interest, store sales, rental revenue, and administration fees are recognized when they are earned.

Earnings from government partnerships are recorded based on the modified equity method, based on the ownership percentage held and reported income of the other entities.

Revenue is recorded in the period specified in the funding agreements entered into with government agencies and other organizations. Funds received in advance of making the related expenses are reflected as deferred revenue in the year of receipt and classified as such in the financial statements. Any funding received pursuant to an agreement that does not have a provision for the deferral of unexpended funds is reported as a repayment of revenue.

I. Recognition of expenses

Expenses are accounted for in the period the goods or services are acquired and a liability is incurred or transfers are due.

m. Impairment of property, plant, and equipment

The First Nation conducts impairment evaluations if events or circumstances indicate the carrying amount of the asset may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the property, plant, and equipment are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

n. Investments

Portfolio investments which are owned by Red Earth Cree Nation but not controlled or influenced by the First Nation are recorded using the cost method. Any impairment in these investments which is other than temporary is charged against the amount the investment is reported at.

Red Earth Cree Nation

Notes to the Financial Statements **For the Year Ended March 31, 2022**

1. Significant Accounting Policies

o. Inventories

All inventories are valued at the lower of cost and net realizable value. The cost of finished goods is determined on a first-in, first-out basis. These amounts are held for sale in the normal course of operations of the Lionel Head Memorial Store.

p. Pension Plan

The Red Earth Cree Nation provides a defined contribution plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid to the employee.

q. Leased assets

Leased assets that transfer substantially all the benefits and risks of ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

r. 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 amount in 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.

Revenues from trust monies are recognized when measurable, earned and collection is reasonably assured. These monies are reported on by the Government of Canada.

s. Other Economic Interests

The Nation is a member of the Prince Albert Grand Council. The Prince Albert Grand Council is an organization of 12 Nations.

The Nation does not either share in the control or the profit or loss of the PAGC. As a result, the financial statements of the PAGC have not been consolidated or proportionately consolidated with the financial statements of Red Earth Cree Nation.

Red Earth Cree Nation

Notes to the Financial Statements For the Year Ended March 31, 2022

2. Restricted assets

The First Nation has received federal assistance through the CMHC, pursuant to Section 95 of the National Housing Act, to reduce mortgage interest and enable the First Nation to provide housing to members. The continuation of this interest rate reduction is contingent on the First Nation being in compliance with the terms of the agreement, which requires that a monthly amount be set aside to provide for major renovations to Nation housing in future years.

The First Nation has established a replacement reserve to ensure replacement of buildings financed by the CMHC, as well as a reserve related to surpluses generated in the post-1997 program, which are to be set aside and used to meet future subsidy requirements of income tested occupants over and above the maximum federal assistance.

The CMHC reserve funds must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by the CMHC. Reserve withdrawals are credited first to interest and then to principal.

Cash received to complete capital projects is held in separate bank accounts or guaranteed investment certificates.

	2022	2021
CMHC Replacement Reserve	\$ 44,885	\$ 44,863
CMHC Operating Reserve	934,125	748,526
Funds held for capital projects	<u>10,313,029</u>	10,002,327
	<u>\$11,292,039</u>	<u>\$10,795,716</u>

Red Earth Cree Nation

Notes to the Financial Statements
For the Year Ended March 31, 2022

3. Accounts receivable

	2022	2021
Due from members	\$ 21,459	\$ 21,398
Less: allowance for doubtful accounts	(11,662)	(11,662)
	9,797	9,736
Indigenous Services Canada	1,281,142	254,394
First Nation Trust	636,971	310,808
CMHC replacement reserve special contribution	350,000	-
GST rebates	102,515	68,094
Store trade accounts receivable	66,116	118,824
Prince Albert Grand Council	51,987	79,832
Fuel & tobacco tax rebate receivable	30,715	-
Northern Lights Community Development Corp.	26,045	-
CMHC subsidy receivable	24,267	24,267
	\$ 2,579,555	\$ 865,955

4. Trust funds held by federal government

	2022	2022	2022	2021
	Revenue	Capital	Total	Total
Surplus, beginning of year	\$ 7,055	\$ 8,250	\$ 15,305	\$ 12,365
Income earned	2,921	-	2,921	2,940
	\$ 9,976	\$ 8,250	\$ 18,226	\$ 15,305

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Red Earth Cree Nation

Notes to the Financial Statements

For the Year Ended March 31, 2022

5. Investments in Government Partnerships

Commercial enterprises are those organizations that meet the definition of government partnerships as described by Public Sector Accounting Standards of CPA Canada. Government partnerships have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside of the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government. These partnerships are formed by multiple governments coming together to attain a common goal.

Investments in Government Partnerships consists of the following:

	2022	2021
Prince Albert First Nations Business Development LP - 8.33% ownership	\$ 1,784,153	\$ 1,486,964
Prince Albert Development Corporation - 8.33% ownership	24,653	22,067
	\$ 1,808,806	\$ 1,509,031

During the fiscal year, the First Nation received \$50,000 (2021 - \$50,000) of distributions from Prince Albert First Nation Business Development Limited Partnership.

Summarized financial information for the investments in Government Partnerships for the year ending March 31, 2022 is as follows:

	Prince Albert First Nations Business Development Corporation	LP	2022	Prince Albert Development Corporation	LP	2021
Balance sheet						
Cash	\$ -	\$ 325,138	\$ 325,138	\$ -	\$ 486,663	\$ 486,663
Other assets	302,074	20,908,980	21,211,054	292,398	20,324,171	20,616,569
	302,074	21,234,118	21,536,192	292,398	20,810,834	21,103,232
Liabilities	12,233	127,606	139,839	10,873	71,888	82,761
Equity	289,841	21,106,512	21,396,353	281,525	20,738,946	21,020,471
	302,074	21,234,118	21,536,192	292,398	20,810,834	21,103,232
Income statement						
Income (loss)	9,676	1,228,195	1,237,871	(20,614)	(1,634,494)	(1,655,108)
Expenses	1,360	260,631	261,991	1,360	426,948	428,308
	\$ 8,316	\$ 967,564	\$ 975,880	\$ (21,974)	\$ (2,061,442)	\$ (2,083,416)

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

Red Earth Cree Nation

Notes to the Financial Statements

For the Year Ended March 31, 2022

6. Accounts payable and accruals

	2022	2021
Indigenous Services Canada	\$ 885,213	\$ 920,382
Trade accounts payable	740,205	875,803
Source deductions payable	864,790	827,853
Wages payable	5,392	286,895
	<hr/> \$ 2,495,600	<hr/> \$ 2,910,933

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

Red Earth Cree Nation

Notes to the Financial Statements

For the Year Ended March 31, 2022

7. Long term debt

	2022	2021
CMHC Phase 6 loan bearing interest at 1.67% per annum, repayable in monthly blended payments of \$1,262. The loan is secured by a ministerial loan guarantee. The loan will mature on March 1, 2024	\$ 31,001	45,503
CMHC Phase 7 loan bearing interest at 1.84% per annum, repayable in blended monthly payments of \$2,273. The loan is secured by a ministerial loan guarantee. The loan will be renewed on September 1, 2022.	105,108	130,205
CMHC Phase 8 loan bearing interest at 1.92% per annum, repayable in monthly blended payments of \$4,146. The loan is secured by a ministerial loan guarantee. The loan will be renewed on April 1, 2019.	247,010	279,193
CMHC Phase 9 loan bearing interest at 0.65% per annum, repayable in monthly blended payments of \$1,801. The loan is secured by a ministerial loan guarantee. The loan will be renewed on March 1, 2025.	168,458	188,907
CMHC Phase 10 loan bearing interest at 1.84% per annum, repayable in monthly blended payments of \$1,750. The loan is secured by a ministerial loan guarantee. The loan will be renewed on September 1, 2022.	169,592	187,300
CMHC Phase 11 loan bearing interest at 2.21% per annum, repayable in monthly blended payments of \$6,973. The loan is secured by a ministerial loan guarantee. The loan will be renewed on February 1, 2024.	838,577	903,034
CMHC Phase 12 loan bearing interest at 2.21% per annum, repayable in monthly blended payments of \$3,441. The loan is secured by a ministerial loan guarantee. The loan will be renewed on February 1, 2024.	419,157	450,848
CMHC Phase 13 loan bearing interest at 0.69% per annum, repayable in monthly blended payments of \$4,029. The loan is secured by a ministerial loan guarantee. The loan will be renewed on June 1, 2025.	585,570	629,718
	2,564,473	2,814,708
Royal Bank Loan bearing interest at 4.8% per annum, repayable in annual blended payments of \$27,500. The loan matures on October 1, 2025 and is secured by accounts receivable and irrevocable letter of direction by ISC.	341,722	444,117
	2,906,195	3,258,825
Loans Payable		
Capital Leases		
Earth Works - Excavator Capital Lease bearing interest at 0.90% per annum, repayable in monthly payments of \$6,372 plus interest. The lease ends on December 1, 2025 with a purchase price option of \$1 at that time.	274,055	348,798
Earth Works - Wheel Loader Capital Lease bearing interest at 0.90% per annum, repayable in monthly payments of \$4,007 plus interest. The lease ends on December 1, 2025 with a purchase price option of \$1 at that time.	172,341	219,343
Concentra Bobcat Equipment Capital Lease bearing interest at 6.95% per annum, repayable in monthly payments of \$2,049 plus interest. The lease ends on December 1, 2025 with a purchase price option of \$1 at that time.	78,053	98,867
Royal Bank Capital lease bearing interest at 4.35% per annum, repayable in blended monthly payments of \$10,932. The lease ends on November 27, 2023 with a purchase price option of \$1 at that time.	208,905	328,280
	733,354	995,288
Capital Lease Obligation		
Long-term debt		
	\$3,639,549	\$4,254,113

The amount of debt repayable in subsequent periods is estimated at:

2023	613,621
2024	598,026
2025	499,376
2026	394,038
2027	228,418
Subsequent years	1,306,070

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

Red Earth Cree Nation

Notes to the Financial Statements

For the Year Ended March 31, 2022

8. Unexpended revenue

ISC funding agreements stipulate the terms and conditions that apply to situations where revenue received exceeds expenditures. Depending on the funding arrangement the unexpended funds may be retained by the recipient, repaid to ISC, deferred to the following year, or transferred to another ISC program area.

	Beginning of year	Contributions received (recognized)	2022
ISC Funding			
ISC - Water Diversion Project	\$ 1,612,756	\$ -	\$ 1,612,756
ISC - Basic Needs	1,008,773	479,817	1,488,590
ISC - CDCM Pub Health NC & CHRS	953,909	(99,338)	854,571
ISC - Immediate Needs Construction	-	673,838	673,838
ISC - BBC projects	631,210	-	631,210
ISC - Covid Funding	995	581,695	582,690
ISC - Covid Safe reopening	34,274	437,886	472,160
ISC - Covid Response	293,333	-	293,333
ISC - IS Second Level	-	261,044	261,044
ISC - Roads and Bridges P2 O&M	-	244,961	244,961
ISC - Employment and Training	-	184,825	184,825
ISC - Policing Legislation	-	160,942	160,942
ISC - Covid LEDSP	45,548	66,964	112,512
ISC - Radon Project	5,445	63,488	68,933
ISC - Need Based EMAP	-	59,220	59,220
ISC - SA Delivery	-	55,493	55,493
ISC - P&ID	-	53,008	53,008
ISC - Covid EMAP	-	36,534	36,534
ISC - Waste Diversion Top Up	-	35,756	35,756
ISC - Asset Management	-	28,413	28,413
ISC - Prenatal Nutrition	6,124	14,925	21,049
ISC - CDE	-	10,053	10,053
ISC - Community Navigator	-	6,538	6,538
ISC - Land Mapping	-	4,171	4,171
ISC - Other Protection OTF	-	2,962	2,962
ISC - Daycare -Emergency	74,623	(74,623)	-
ISC - Headstart - Emergency	74,623	(74,623)	-
ISC - Medication Courier	12,984	(12,984)	-
ISC - Visiting Physicians	54,797	(54,797)	-
ISC - Nation Rebuilding	233,540	(233,540)	-
	5,042,934	2,912,628	7,955,562

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

Red Earth Cree Nation

Notes to the Financial Statements

For the Year Ended March 31, 2022

8. Unexpended revenue

	Beginning of year	Contributions received (recognized)	2022
Other Funding			
Indigenous Languages	-	252,940	252,940
Health Canada- Health Centre Facility	18,815	(11,741)	7,074
LHCS	2,359	(2,359)	-
	21,174	238,840	260,014
Capital funding			
ISC - Water Supply & Treatment Study	5,816,977	(111,906)	5,705,071
ISC - Lagoon Upgrades	185,168	470,418	655,586
ISC - SPS Upgrade Project	728,861	(123,247)	605,614
ISC - Teacherage Repairs	1,413	250,000	251,413
ISC - River Dike Extension	481,707	(351,687)	130,020
ISC - Community Drainage	91,347	(38,469)	52,878
ISC - Road Assessment and Upgrade	155,817	(26,760)	129,057
	7,461,290	68,349	7,529,639
	\$ 12,525,398	\$ 3,219,817	\$ 15,745,215

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

Red Earth Cree Nation

Notes to the Financial Statements
For the Year Ended March 31, 2022

9. Tangible capital assets

March 31, 2022	CMHC Houses	Band Housing	Buildings	Vehicles & Equipment	Assets Under Construction	Total
Cost						
Balance, beginning of year	\$ 7,890,486	\$ 6,142,038	\$ 2,306,148	\$ 2,691,055	\$ 1,068,898	\$ 62,788,024
Additions	-	-	64,500	396,314	681,651	1,154,206
Disposals	-	-	-	(1,288)	-	(1,288)
Balance, end of year	7,890,486	6,142,038	2,370,648	3,086,081	1,750,549	63,940,942
Accumulated amortization						
Balance, beginning of year	5,021,711	4,099,378	1,849,080	914,941	-	19,777,878
Amortization	315,619	87,878	62,203	478,093	-	2,141,190
Disposals	-	-	-	(1,244)	-	(1,244)
Balance, end of year	5,337,330	4,187,256	1,911,283	1,391,790	-	21,917,824
Net Book Value, end of Year	2,553,156	1,954,782	459,365	1,694,291	1,750,549	42,023,118
March 31, 2021						
Cost						
Balance, beginning of year	8,072,227	5,783,161	2,306,148	1,321,779	1,086,072	60,715,272
Additions	-	358,877	-	1,369,276	805,549	3,155,250
Disposals	(181,741)	-	-	-	(822,723)	(1,082,498)
Balance, end of year	7,890,486	6,142,038	2,306,148	2,691,055	1,068,898	62,788,024
Accumulated amortization						
Balance, beginning of year	4,887,833	4,025,856	1,764,474	605,173	-	17,991,371
Amortization	315,619	73,522	84,606	309,768	-	1,968,248
Disposals	(181,740)	-	-	-	-	(181,740)
Balance, end of year	5,021,712	4,099,378	1,849,080	914,941	-	19,777,879
Net Book Value, end of year	\$ 1,776,114	\$ 2,042,660	\$ 2,868,774	\$ 34,796,631	\$ 1,068,898	\$ 43,010,145

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

Red Earth Cree Nation

Notes to the Financial Statements
For the Year Ended March 31, 2022

9. Tangible capital assets

A portion of capital assets in "Vehicles and Equipment" are under the obligations of a capital lease, their cost and amortization are as follows:

	2022 2022 Cost	2022 Accumulated Amortization	2022 Net Book Value	2021 2021 Cost	2021 Accumulated Amortization	2021 Net Book Value
Wheel Excavator	\$ 373,712	\$ (112,114)	\$ 261,598	\$ 373,712	\$ (37,371)	\$ 336,341
Wheel Loader	235,010	(70,503)	164,507	235,010	(23,501)	211,509
Bobcat Equipment	105,805	(31,742)	74,063	105,805	(10,581)	95,224
Busses	\$ 477,498	\$ (238,749)	\$ 238,749	\$ 477,498	\$ (143,249)	\$ 334,249

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

Red Earth Cree Nation

Notes to the Financial Statements

For the Year Ended March 31, 2022

10. Accumulated surplus

	2022	2021
Equity in capital assets	\$36,926,772	\$36,926,772
Equity in investments	3,842,873	4,091,699
CMHC reserves	2,270,280	1,936,692
Operating fund	(4,744,257)	(2,599,708)
	\$38,295,668	\$40,355,455

- The operating fund reports on the general activities of the First Nation's administration;
- Equity in capital assets represents accumulated surplus amounts not available for operations, but rather past transactions creating capital assets that will be used to provide future services;
- Equity in investments reports on commercial business operations owned by the First Nation; and
- The CMHC reserves are replacement and operating reserves required to be funded for future housing replacements, as per agreements with CMHC.

11. Contingencies

Red Earth Cree Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Red Earth Cree Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Red Earth Cree Nation's financial statements.

12. Reconciliation of ISC revenue

The First Nation has entered into funding arrangements with Indigenous Services Canada. The funds are used by the First Nation to administer its operations and provide service to its members in accordance with the terms of the funding arrangement. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements. ISC revenue consists of the following:

	2022	2021
ISC - Fixed	\$13,962,156	\$12,718,928
ISC - Flexible	9,444,520	11,873,316
ISC - Grant	678,461	670,002
ISC - Set	212,542	96,990
	\$24,297,679	\$25,359,236

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

Red Earth Cree Nation

Notes to the Financial Statements
For the Year Ended March 31, 2022

13. Expenses by object

	2022	2022	2021
	Budget	Actual	Actual
Salaries and benefits	\$ 7,947,195	\$ 10,801,906	\$ 8,289,629
Store purchases	-	2,909,524	3,998,167
Supplies	1,214,625	2,658,426	1,534,268
Travel expenses	961,093	2,153,381	1,185,462
Administration fees	865,275	2,013,181	1,394,654
Social assistance - basic needs	2,007,052	1,963,378	1,664,098
Amortization of property, plant and equipment	-	2,141,190	1,968,249
Sub-contracts	978,316	1,797,926	1,343,543
Program activities	1,345,129	1,593,788	933,631
Repairs and maintenance	422,302	1,569,255	857,957
Student expenses	924,059	744,487	859,289
Other operating expenses	573,833	550,933	416,563
Utilities	375,758	533,127	479,409
Professional fees	277,250	519,536	232,475
Member assistance	67,000	483,780	830,691
Equipment purchase	258,075	241,286	370,665
Insurance	195,870	450,342	289,122
Covid	10,000	298,674	-
Social assistance - special needs	170,599	161,500	396,672
Advertising and promotion	12,000	116,893	500
Interest on long term debt	501,000	65,428	172,691
Rental	339,598	54,799	64,655
Bank charges and interest	19,500	54,306	25,286
Office expenses	6,000	21,883	7,401
Bad debt expense (recovery)	-	235	-
Transfers	(140,198)	-	219,982
Construction	250,000	-	-
Memberships and licenses	1,300	-	105
Total expenses before transfers	19,582,631	33,899,164	27,535,164
Transfer to capital assets	-	(757,892)	-
	\$ 19,582,631	\$ 33,141,272	\$ 27,535,164

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

Red Earth Cree Nation

Notes to the Financial Statements For the Year Ended March 31, 2022

14. Funded reserves

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the First Nation established the following:

- The replacement reserve to ensure replacement of capital equipment and for major repairs to housing units, which requires an annual cash allocation of \$97,758 to the reserve. At March 31, 2022, the reserve is required to be funded to a level of \$1,469,903 (2021 - \$1,222,175). At March 31, 2022, the cash balance in the reserve is \$934,125 (2021 - \$748,526)
- An operating surplus reserve established for housing units under the Post 1996 Fixed Subsidy Program which requires surpluses to be funded with cash. Future operating losses are able to draw on the reserve funds to sustain operations. At March 31, 2022, the reserve is required to be funded to a level of \$800,378 (2021 - \$714,517). At March 31, 2022, the cash balance in the reserve is \$44,885 (2021 - \$44,863)

In accordance with terms of the agreement, CMHC reserve monies must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

15. Economic dependence

Red Earth Cree Nation receives a significant portion of its revenue from Indigenous Services Canada (ISC) as a result of treaties entered into with the Government of Canada. These treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

Red Earth Cree Nation

Notes to the Financial Statements

For the Year Ended March 31, 2022

16. ISC funding

The First Nation (Recipient) receives funding from Indigenous Services Canada (ISC) by entering into an agreement with ISC:

There are five approaches that ISC may consider in the design and delivery of transfer payment programs:

1. Grant approach – A grant is a transfer payment that is subject to pre-established eligibility and other entitlement criteria. Recipients are not required to account for the grant, but they may be required to report on results. The grant funding approach can be used for any duration of time necessary to achieve program results.
2. Set contribution approach – A set contribution is a transfer payment that is subject to performance conditions outlined in a funding agreement. Set contributions must be accounted for and are subject to audits. Funds are to be expended as identified in the funding agreement and cannot be redirected to other programs. Any unspent funding and any funding spent on ineligible expenditure must be returned to ISC annually.
3. Fixed contribution approach – Fixed contribution funding is an option where annual funding amounts are established on a formula basis or where the total expenditure is based on a fixed-cost approach. Fixed funding is distributed on a program basis. It is possible under this approach for recipients to keep any unspent funding provided that program requirements set out in the funding agreement have been met and the recipient agrees to use the unspent funds for purposes consistent with the program objectives or any other purpose agreed to by ISC. A plan must be submitted and approved by ISC prior to spending the unspent funds. If the funds are not spent according to the plan within the agreed upon time period they will be recovered by ISC.
4. Flexible contribution approach – Flexible contribution funding is an option which allows funds to be moved within cost categories of a single program during the life of the project/agreement. However, unspent funds must be returned to ISC at the end of the project, program or agreement.
5. Block contribution approach – Block contribution funding is an option which allows funds to be reallocated within the block of programs during the agreement, as long as progress towards program objectives is being achieved. It is possible under this approach for recipients to keep any unspent funding provided that program delivery standards have been met and the recipient agrees to use the unspent funding for purposes consistent with the block program objectives or any other purpose agreed to by ISC.

Red Earth Cree Nation

Notes to the Financial Statements
For the Year Ended March 31, 2022

17. Segmented information

The First Nation conducts its business through reportable segments as follows:

1 - Indigenous Services Canada

Band Government: Costs to support the further development of competent, stable, legitimate, and accountable community governments by strengthening First Nations and Inuit governance and by funding initiatives which address needs in the areas of professional and institutional development at the local level and at the level of emerging regional and national organizations. Also, costs to enable tribal councils to provide advisory services such as financial management, band government, economic development, community planning, technical services to the member First Nations, and to defray the costs of administering programs on behalf of the member communities and to provide funding for equivalent advisory services to large First Nations which are not affiliated with a tribal council.

Housing and Capital: Costs to acquire, construct, operate and maintain band housing and basic community facilities and services such as water and sewage, roads, electrification, schools, community buildings and fire protection. Also costs associated with ensuring that these facilities and community services meet recognized standards and are comparable to the services provided to nearby communities by provincial and municipal governments.

Community Infrastructure: Costs associated with economic development planning, proposal development, and planning and implementation of ongoing activities and one-time projects. Also costs to pursue economic objectives in areas such as the employment of community members, the development of community-owned and community member businesses, the development of land and resources under community control, access to economic opportunities on land and resources beyond community control, investment promotion, and research and advocacy.

Education: Costs to support First Nation and Inuit communities in expressing, preserving, developing and promoting their cultural heritage, through the establishment and operation of First Nation and Inuit cultural education centres and programs. Costs to provide eligible students living on reserve and eligible Inuit with elementary/secondary education programs and services including instructional services in federal, provincial, band-operated schools, or a private/independent school (recognized by the province in which the school is located as an elementary/secondary institution), and student support services such as transportation, accommodation, guidance and counselling services. Costs associated with ISC's First Nations and Inuit Youth Employment Strategy to develop and enhance essential employability skills, such as communication, problem solving, and working with others, expose youth to a variety of career options, and promote the benefits of education as being key to labour market participation. Also, costs to support eligible First Nation and Inuit students to access education opportunities at the post-secondary level and supports the development and delivery of college and university level courses for First Nation and Inuit students, and research and development on First Nation and Inuit education. Costs for the provision of special education services and programs and costs to provide Internet access, information technology equipment, technical support and training to students and school staff.

Social Development: First Nations people, like other Canadian citizens, are responsible for managing their own affairs and maintaining themselves to the extent that their resources permit. Some individuals and families are unable to provide for themselves and their dependents. Situations therefore exist in which assistance must be available to community members in need. Income Assistance is one type of income supplement available to eligible persons. Other income supports include Old Age Security, Child Tax Benefits, etc.

Red Earth Cree Nation

Notes to the Financial Statements
For the Year Ended March 31, 2022

17. Segmented information

2 - Health Programs

Health Canada provides funding for costs associated with the development of safe and healthy communities in the following areas:

Children and Youth; Mental Health and Addictions; Chronic Disease and Injury Prevention; Communicable Disease Control; Environmental Health and Research Component; Primary Care; Non-Insured Health Benefits; Health Governance and Infrastructure; Capital; Treatment Centres; Aboriginal Health Transition Fund; Headquarter projects.

3 - Canada Mortgage and Housing Corporation (CMHC)

Non-Profit On-Reserve Housing Program (Section 95); Residential Rehabilitation Assistance Program (RRAP); Home Adaptations for Seniors' Independence Program (HASI); Shelter Enhancement Program; Housing Internship Initiative for First Nations and Inuit Youth.

4 - Other Programs

Other programs that vary based on own source revenue. These could include First Nations Trust, Tribal Council, CDC, Band Trust Funds and other business ventures. These outside revenue sources are used to fund programs such as recreational or cultural activities for the benefit of membership that are not funded by government agencies.

18. Pension Plan

The Red Earth Cree Nation and eligible employees participate in a defined contribution pension plan.

Red Earth Cree Nation's financial obligation is limited to providing contribution at a specific rate in respect of employee's current service. The employee contribution rate as a percentage of salary was 3-8% (2021 3-8%), the employer contribution rate as a percentage of salary was 3-8% (2021 - 3-8%).

19. Annual Surplus Net of Capital Related Revenues and Amortization

	2022	2021
Annual surplus (deficit) as per Statement of Operations	\$ (2,059,787)	\$ 488,294
Less capital related revenues included in annual surplus		
Federal government transfers recognized	(502,026)	(182,956)
	(2,561,813)	305,338
Loss (income) from government business partnerships	(349,776)	198,826
Amortization expense included in annual surplus	<u>2,141,190</u>	1,968,248
	<u>\$ (70,847)</u>	\$ 2,074,760

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

Red Earth Cree Nation

Notes to the Financial Statements
For the Year Ended March 31, 2022

20. Financial Instruments

Financial assets include cash, restricted assets, trust funds held by the Federal Government, accounts receivable, and investments in government partnerships, and are measured at amortized cost as presented on the consolidated statement of financial position, except for the trusts funds held by the Federal Government which are measured at fair value, and government partnerships which are measured using the modified equity method.

Financial liabilities include bank indebtedness, accounts payable, unexpended revenue and long-term debt and are measured at amortized cost as presented on the consolidated statement of financial position.

The First Nation is not subject to currency risk, credit risk, or other price risk. The following are the significant risks to which the First Nation is exposed:

Interest rate risk

The First Nation is exposed to interest rate cash flow risk to the extent that its loans payable are at a floating rate of interest. The First Nation is also exposed to interest rate price risk to the extent that agreements receivable are at a fixed rate of interest.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. To manage this risk, the First Nation maintains a portion of its invested assets in liquid securities.

Market risk

Market risk is the risk that financial instruments fair values will fluctuate due to changes in market prices. The significant market risks to which the First Nation is exposed are interest rate risk and price risk.

21. Budgeted figures

Budgeted figures are unaudited and have been provided for comparison purposes and have been derived from the estimates approved by the Red Earth Cree Nation Chief and Council.

22. Comparative figures

Prior year's comparative amounts have been reclassified, where necessary, to conform to the current year's presentation.

Red Earth Cree Nation

Notes to the Financial Statements For the Year Ended March 31, 2022

23. Prior period adjustment

The First Nation has adjusted its comparative financial information as at and for the year ending March 31, 2021 due to the correction of the following:

Government investments

During the year, it was discovered that the investment in Prince Albert First Nations Business Development Limited Partnership had been recorded at cost. This treatment is not permissible under Public Sector Account Standards, which has resulted in an adjustment to record this investment under the modified equity method. This resulted in a \$1,486,964 increase to assets, \$246,739 decrease to net income, and \$1,486,964 increase to equity.

Further, the investment in Prince Albert Development Corporation was also found to be recorded at cost. This resulted in a decrease to assets of \$17,533, a decrease to net income of \$2,087, and a decrease to equity of \$17,533.

Indigenous Services Canada accounts payable

During the year, it was discovered that accounts payable related to ISC were overstated. This resulted in a \$386,861 decrease to accounts payable, and a \$386,861 increase to equity.

Assets under construction

During the year, it was discovered that assets under construction and related funding had not been properly recorded. This resulted in a \$145,002 increase to assets, \$272,904 decrease to liabilities, \$272,904 increase to net income, and \$417,905 increase to equity.

Capital Leases

During the year, it was discovered that four capital leases from prior years had not been properly capitalized. This resulted in a \$977,322 increase to assets, \$995,288 increase to liabilities, \$17,906 increase to equity, \$166,894 decrease to rental expense, and a \$166,952 increase to depreciation expense.

Red Earth Cree Nation

Schedule #1

Social Development
Schedule of Operations
For the Year Ended March 31, 2022
(unaudited)

	2022	2022	2021
	Budget	Actual	Actual
Revenue			
ISC - Fixed	\$ 131,658	\$ 245,133	\$ 268,390
ISC - Flexible	2,577,631	3,070,473	3,246,196
ISC - Set	151,005	133,062	84,988
Other revenue	-	1,350	16,233
Recognition (deferral) of unexpended funds	100,000	(779,355)	(1,008,773)
	2,960,294	2,670,663	2,607,034
Expenses			
Social assistance - basic needs	2,007,052	1,963,378	1,664,098
Program activities	495,305	210,224	290,949
Social assistance - special needs	170,599	161,500	396,672
Salaries and benefits	169,624	152,189	97,488
Travel expenses	24,000	56,830	14,129
Administration fees	-	37,093	26,839
Supplies	29,000	30,704	18,645
Rental	-	12,000	-
Sub-contracts	15,983	10,830	12,435
Professional fees	-	10,000	-
Repairs and maintenance	12,500	8,271	1,167
Other operating expenses	10,000	3,800	2,070
Insurance	1,200	744	1,704
Utilities	-	288	-
Bank charges and interest	7,500	-	6,172
Equipment purchase	-	-	26,725
	2,942,763	2,657,851	2,559,093
Current surplus (deficit)	\$ 17,531	\$ 12,812	\$ 47,941

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

Red Earth Cree Nation

Schedule #2

Band Government

Schedule of Operations

For the Year Ended March 31, 2022

(unaudited)

	2022	2022	2021
	Budget	Actual	Actual
Revenue			
ISC - Fixed	\$ 222,892	\$ 94,545	\$ 34,545
ISC - Flexible	8,869	382,794	293,269
ISC - Grant	543,744	678,461	670,002
Income from government business partnerships	-	349,776	(198,826)
Prince Albert Grand Council	-	16,681	-
Ottawa trust fund	-	2,921	2,940
Other revenue	34,000	269,824	600,332
Administration fees	958,299	1,699,107	470,601
Recognition (deferral) of unexpended funds	(30,000)	(242,363)	-
	1,737,804	3,251,746	1,872,863
Expenses			
Travel expenses	607,000	899,589	77,196
Salaries and benefits	316,851	808,231	557,629
Sub-contracts	203,333	432,018	197,607
Covid	-	288,948	-
Insurance	9,300	247,740	48,877
Program activities	28,559	182,972	200,541
Other operating expenses	27,783	144,826	33,708
Supplies	24,000	132,523	128,965
Utilities	55,000	54,024	5,900
Amortization of property, plant and equipment	-	41,682	11,167
Member assistance	-	39,502	30,890
Equipment purchase	-	30,822	-
Administration fees	-	27,401	-
Professional fees	79,000	24,500	64,015
Bank charges and interest	12,000	19,660	15,070
Office expenses	6,000	10,254	7,401
Repairs and maintenance	5,000	4,555	2,109
Rental	10,000	2,248	7,170
Interest on long term debt	230,000	-	66,835
Student expenses	28,803	-	15,642
	1,642,629	3,391,495	1,470,720
Current surplus (deficit)	\$ 95,175	\$ (139,749)	\$ 402,143

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

Red Earth Cree Nation

Schedule #3

Community Infrastructure
 Schedule of Operations
 For the Year Ended March 31, 2022
 (unaudited)

	2022	2022	2021
	Budget	Actual	Actual
Revenue			
ISC - Fixed	\$ 625,408	\$ 1,880,130	\$ 1,586,745
ISC - Flexible	-	375,500	1,667,532
ISC - Set	-	-	12,002
Rental revenue	60,000	-	-
Other revenue	74,506	7,082	35,521
Administration fees	-	-	380,668
Recognition (deferral) of unexpended funds	234,315	(283,679)	(1,612,756)
	994,229	1,979,033	2,069,712
Expenses			
Amortization of property, plant and equipment	-	725,243	619,569
Sub-contracts	110,000	434,945	424,827
Salaries and benefits	259,616	360,997	248,856
Administration fees	-	225,563	168,394
Repairs and maintenance	72,600	221,563	240,281
Utilities	184,750	208,840	187,736
Supplies	100,400	196,413	84,689
Equipment purchase	68,480	58,362	66,707
Travel expenses	13,000	28,819	8,875
Program activities	5,000	15,083	-
Bank charges and interest	-	11,613	-
Insurance	40,200	9,214	6,580
Other operating expenses	100,800	416	107
Transfers	-	-	219,982
Rental	151,411	-	-
Professional fees	2,000	-	-
Memberships and licenses	1,300	-	105
	1,109,557	2,497,073	2,276,707
Current surplus (deficit)	\$ (115,328)	\$ (518,040)	\$ (206,995)

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

Red Earth Cree Nation

Schedule #4

Education

Schedule of Operations

For the Year Ended March 31, 2022
(unaudited)

	2022	2022	2021
	Budget	Actual	Actual
Revenue			
ISC - Fixed	\$ 9,821,186	\$ 10,686,235	\$ 9,387,854
ISC - Flexible	1,261,928	485,584	274,817
Rental revenue	62,300	200	-
Other revenue	-	316,292	10,675
Recognition (deferral) of unexpended funds	-	(951,870)	(34,274)
	11,145,414	10,536,441	9,639,072
Expenses			
Salaries and benefits	6,392,235	6,571,467	5,564,035
Supplies	971,768	1,508,877	588,819
Administration fees	834,912	1,146,497	880,787
Student expenses	895,256	726,942	843,647
Amortization of property, plant and equipment	-	701,502	688,105
Program activities	386,255	405,133	53,075
Repairs and maintenance	149,853	272,587	74,023
Travel expenses	216,293	233,675	66,430
Utilities	136,008	143,243	171,440
Rental	178,187	25,673	37,392
Insurance	64,970	25,326	64,420
Equipment purchase	179,595	21,510	35,998
Sub-contracts	525,000	17,100	375
Other operating expenses	36,250	6,400	22,889
Bad debt expense (recovery)	-	2,956	-
Advertising and promotion	12,000	1,195	500
Professional fees	163,000	-	-
	11,141,582	11,810,082	9,091,935
Current surplus (deficit)	\$ 3,832	\$ (1,273,641)	\$ 547,137

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

Red Earth Cree Nation

Schedule #5

Housing and Capital
Schedule of Operations
For the Year Ended March 31, 2022
(unaudited)

	2022	2022	2021
	Budget	Actual	Actual
Revenue			
ISC - Flexible	\$ -	\$ 1,834,378	\$ 2,260,540
Rental revenue	-	236,093	217,167
Canada Mortgage and Housing Corporation	14,000	769,707	329,916
Interest Income	-	516	1
Other revenue	404,152	85,371	164,381
Recognition (deferral) of unexpended funds	-	(730,446)	(1,516,799)
	418,152	2,195,619	1,455,206
Expenses			
Repairs and maintenance	174,349	818,540	195,640
Amortization of property, plant and equipment	-	618,734	606,153
Sub-contracts	-	433,248	14,350
Professional fees	20,000	241,129	23,570
Program activities	-	151,761	-
Administration fees	-	137,636	59,652
Insurance	79,000	126,398	149,113
Salaries and benefits	244,141	80,474	171,878
Interest on long term debt	151,000	44,707	77,650
Travel expenses	22,000	22,153	31,075
Supplies	26,000	12,435	6,244
Utilities	-	5,917	1,081
Other operating expenses	-	5,340	159,847
Bank charges and interest	-	422	-
Equipment purchase	-	-	172,763
Transfers	(140,198)	-	-
Construction	250,000	-	-
Transfer to capital assets	-	(693,392)	-
	826,292	2,005,502	1,669,015
Current surplus (deficit)	\$ (408,140)	\$ 190,117	\$ (213,809)

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

Red Earth Cree Nation

Schedule #6

Community Health
 Schedule of Operations
 For the Year Ended March 31, 2022
 (unaudited)

	2022	2022	2021
	Budget	Actual	Actual
Revenue			
ISC - Fixed	\$ -	\$ 88,038	\$ 406,083
ISC - Flexible	-	1,729,787	384,279
ISC - Set	-	79,480	-
Prince Albert Grand Council	-	916,280	950,846
Other revenue	-	242,424	135,407
Administration fees	-	194,454	103,599
Recognition (deferral) of unexpended funds	-	(453,134)	(229,591)
	-	2,797,329	1,750,623
Expenses			
Salaries and benefits	-	954,512	674,259
Travel expenses	-	468,863	173,088
Supplies	-	440,220	181,611
Administration fees	-	219,630	103,599
Sub-contracts	-	202,164	282,606
Program activities	-	174,214	110,727
Professional fees	-	92,557	16,440
Utilities	-	63,919	50,814
Repairs and maintenance	-	36,015	6,954
Other operating expenses	-	32,819	51,337
Amortization of property, plant and equipment	-	25,172	26,544
Insurance	-	24,191	15,129
Member assistance	-	20,044	10,440
Equipment purchase	-	16,593	1,823
Rental	-	11,910	20,093
Bank charges and interest	-	4,830	2,737
	-	2,787,654	1,728,203
Current surplus (deficit)	\$ -	\$ 9,675	\$ 22,420

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

Red Earth Cree Nation

Schedule #7

Economic Development
 Schedule of Operations
 For the Year Ended March 31, 2022
 (unaudited)

	2022	2022	2021
	Budget	Actual	Actual
Revenue			
ISC - Fixed	\$ 25,000	\$ -	\$ 25,000
Northern Lights Community Development Corp.	91,010	68,654	-
Prince Albert Grand Council	77,888	42,700	96,200
	193,898	111,354	121,200
Expenses			
Salaries and benefits	52,788	54,392	54,908
Program activities	92,010	26,605	895
Travel expenses	14,100	14,405	8,599
Sub-contracts	25,000	12,421	49,434
Other operating expenses	2,000	2,259	782
Supplies	1,000	1,273	-
Member assistance	7,000	-	-
Amortization of property, plant and equipment	-	-	2,848
	193,898	111,355	117,466
Current surplus (deficit)	\$ -	\$ (1)	\$ 3,734

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

Red Earth Cree Nation

Schedule #8

Other Programs

Schedule of Operations

For the Year Ended March 31, 2022
(unaudited)

	2022	2022	2021
	Budget	Actual	Actual
Revenue			
ISC - Fixed	\$ 736,153	\$ 968,075	\$ 1,010,311
ISC - Flexible	38,000	1,566,004	3,746,683
Prince Albert Grand Council	140,000	196,442	150,000
Store sales	-	4,032,818	3,931,351
First Nations Trust	432,000	326,163	414,410
Other revenue - Store	-	118,914	-
Administration fees	80,000	-	-
Other revenue	132,000	112,213	781,324
Recognition (deferral) of unexpended funds	20,000	218,671	(1,526,330)
	1,578,153	7,539,300	8,507,749
Expenses			
Store Purchases	-	2,909,524	3,998,167
Salaries and benefits	511,940	1,819,645	920,577
Travel expenses	64,700	429,046	806,070
Program activities	338,000	427,798	277,444
Member assistance	60,000	424,234	789,361
Other operating expenses	397,000	355,073	145,823
Supplies	62,457	335,979	525,296
Sub-contracts	99,000	255,199	361,909
Administration fees	30,363	219,362	155,383
Repairs and maintenance	8,000	207,724	337,784
Professional fees	13,250	151,350	128,450
Advertising and promotion	-	115,698	-
Equipment purchase	10,000	113,999	66,650
Utilities	-	56,895	62,436
Amortization of property, plant and equipment	-	28,856	13,863
Interest on long term debt	120,000	20,721	28,206
Bank charges and interest	-	17,780	1,306
Student expenses	-	17,545	-
Insurance	1,200	16,729	3,300
Office expenses	-	11,629	-
Covid	10,000	9,725	-
Rental	-	2,968	-
Bad debt expense (recovery)	-	(2,721)	-
Transfer to capital assets	-	(64,500)	-
	1,725,910	7,880,260	8,622,025
Current surplus (deficit)			
	\$ (147,757)	\$ (340,960)	\$ (114,276)

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

Red Earth Cree Nation

Schedule #8

Social Development
Schedule of Operations
For the Year Ended March 31, 2022
(unaudited)

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