

Red Earth Cree Nation

Consolidated Financial Statements

March 31, 2023

Red Earth Cree Nation

Management's Responsibility for Financial Reporting

March 31, 2023

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 are 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

Band Manager



McClelland Debuschere

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, 2023 and the 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, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

Basis for Opinion

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

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.



McClelland Debusschere

Chartered Professional Accountants
Assurance Tax Advisory

Independent Auditors' Report

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.

Saskatoon, SK
September 24, 2024

McCLELLAND DEBUSSCHERE
CPA PC INC

Chartered Professional Accountants

Red Earth Cree Nation

Consolidated Statement of Financial Position March 31, 2023

	2023	2022 (restated, see note 23)
Financial Assets		
Cash	\$ 1,500,054	\$ 2,282,403
Restricted assets (Note 2)	10,497,190	11,292,039
Accounts receivable (Note 3)	2,047,974	2,579,555
Trust funds held by federal government (Note 4)	21,779	18,226
Investments in Government Partnerships (Note 5)	2,026,849	1,808,806
LHCS Inventory for resale	224,253	170,049
	16,318,099	18,151,078
Financial Liabilities		
Accounts payable (Note 6)	2,593,516	2,495,600
Long term debt (Note 7)	3,030,516	3,639,549
Unexpended revenue (Note 8)	16,119,751	17,818,549
	21,743,783	23,953,698
Net Debt	(5,425,684)	(5,802,620)
Non-financial Assets		
Prepaid	5,571	1,833
Property, plant and equipment (Note 9)	43,973,513	42,023,118
	43,979,084	42,024,951
Accumulated Surplus (Note 10)	\$ 38,553,400	\$ 36,222,331
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 Statement of Operations For the Year Ended March 31, 2023

	2023 Budget	2023	2022 (restated, see note 23)
Revenue			
Grants and Contributions			
Indigenous Services Canada (Note 12)	\$ 18,894,287	\$ 29,203,326	\$ 24,297,679
ISC forfeited funding	-	(73,803)	-
Ottawa trust fund	-	3,553	2,921
Prince Albert Grand Council	197,700	1,522,134	1,172,103
Canada Mortgage and Housing Corporation	296,000	306,405	769,707
First Nations Trust	450,000	726,315	326,163
Department of Canadian Heritage	-	293,150	293,150
Northern Lights Community Development Corp.	35,116	106,535	68,654
Rental revenue	413,251	367,497	236,293
Income from government business partnerships	-	268,043	349,776
Lionel Head Memorial Store sales	-	5,227,161	4,151,732
User fees	81,000	6,034	32,089
Interest	-	214,996	9,679
Class Action Settlement	-	500,000	-
Administration fees	1,113,788	2,325,313	1,953,202
Other revenue	705,575	529,746	640,512
Recognition (deferral) of unexpended funds	134,000	1,714,873	(3,222,176)
	22,320,717	43,241,278	31,081,484
Expenses			
Social Development (schedule 1)	3,076,194	3,609,563	2,657,851
Band Government (schedule 2)	1,561,915	3,506,089	3,349,814
Community Infrastructure (schedule 3)	1,405,288	4,998,726	1,771,829
Education (schedule 4)	11,580,212	12,876,375	11,108,580
Housing and Capital (schedule 5)	2,627,290	4,749,807	2,080,160
Community Health (schedule 6)	-	3,619,822	2,762,482
Economic Development (schedule 7)	129,753	288,284	111,355
Other programs (schedule 8)	950,495	9,174,229	7,915,903
Amortization	-	2,212,347	2,141,190
	21,331,147	45,035,242	33,899,164
Transfer to capital assets	(145,965)	4,125,033	757,892
Current surplus	843,605	2,331,069	(2,059,788)
Accumulated surplus - Beginning of the year	36,222,331	36,222,331	38,282,119
Accumulated surplus - End of the year	\$ 37,065,936	\$ 38,553,400	\$ 36,222,331

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

Red Earth Cree Nation

Consolidated Statement of Changes in Net Debt For the Year Ended March 31, 2023

	2023 Budget	2023	2022 (restated, see note 23)
Annual surplus (deficit)	\$ 843,605	\$ 2,331,069	\$(2,059,788)
Acquisition of property, plant and equipment	-	(4,162,743)	(1,154,206)
Amortization of property, plant and equipment	280,000	2,212,347	2,141,190
Proceeds on disposal of property, plant and equipment	-	-	44
Decrease (increase) in prepaid expenses	-	(3,737)	51,832
Change in net debt during the year	1,123,605	376,936	(1,020,928)
Net debt - Beginning of year	(5,802,620)	(5,802,620)	(4,781,692)
Net debt - End of year	\$(4,679,015)	\$(5,425,684)	\$(5,802,620)

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, 2023

	2023	2022 (restated, see note 23)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Annual surplus (deficit)	\$ 2,331,069	\$ (2,059,788)
Non-cash items:		
Amortization	2,212,347	2,141,190
Income from government partnerships	(268,043)	(349,776)
Distributions received from Government Partnerships	50,000	50,000
Change in working capital items:		
Change in trust funds held by federal government	(3,553)	(2,921)
Change in accounts payable	97,916	(415,333)
Change in prepaid	(3,737)	51,832
Change in accounts receivable	531,581	(1,713,600)
Change in restricted assets	794,849	(496,323)
Change in unexpended revenue	(1,698,798)	3,219,817
Change in LHCS inventory for resale	(54,204)	(1,683)
	3,989,427	423,415
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long term debt	(609,033)	(614,564)
CAPITAL ACTIVITIES:		
Purchase of property, plant, and equipment	(4,162,743)	(1,154,206)
Proceeds on disposal of property, plant, and equipment	-	44
	(4,162,743)	(1,154,162)
Net cash decreases	(782,349)	(1,345,311)
Cash at beginning of year	2,282,403	3,627,714
Cash at end of year	\$ 1,500,054	\$ 2,282,403

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

Red Earth Cree Nation

Notes to the Consolidated Financial Statements For the Year Ended March 31, 2023

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 Consolidated Financial Statements For the Year Ended March 31, 2023

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 or 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, 2023.

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, 2023.

Red Earth Cree Nation

Notes to the Consolidated Financial Statements For the Year Ended March 31, 2023

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	20 - 50 years straight-line method
Buildings	25 - 40 years straight-line method
Band Housing	25 years straight-line method
Equipment and vehicles	3 - 5 years straight-line method
Buildings (Lionel Head Memorial Store)	4% declining balance method
Equipment and vehicles (Lionel Head Memorial Store)	20 - 30% 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 Consolidated Financial Statements For the Year Ended March 31, 2023

1. Significant Accounting Policies

h. Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of 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 Consolidated Financial Statements For the Year Ended March 31, 2023

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.

Grants and contributors, which includes funding 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, Lionel Head Memorial Store sales, rental revenue, user fees, insurance proceeds, class action settlement, 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.

l. 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.

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

Red Earth Cree Nation

Notes to the Consolidated Financial Statements For the Year Ended March 31, 2023

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 by the employee.

q. 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 First 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, 2024. 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. It is the First Nation's belief that any costs incurred associated with asset retirement obligations will be fully funded by the Government of Canada.

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 First Nation reviews the carrying amount of the liability. The First Nation recognized period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revision 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.

The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursement made to settle the liability are deducted from the reported liability when they are made.

There are no known liabilities as at March 31, 2024.

Red Earth Cree Nation

Notes to the Consolidated Financial Statements For the Year Ended March 31, 2023

1. Significant Accounting Policies

r. Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nations 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 First 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 (PAGC). The Prince Albert Grand Council is an organization of 12 Nations.

The Nation does not share in either the control nor the profit or loss of PAGC. As a result, the financial statements of PAGC have not been consolidated or proportionately consolidated with the financial statements of Red Earth Cree Nation.

Red Earth Cree Nation

Notes to the Consolidated Financial Statements For the Year Ended March 31, 2023

2. Restricted assets

The First Nation has received federal assistance through the Canada Mortgage and Housing Corporation (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 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.

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 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.

	2023	2022
Funds held for capital projects	\$ 9,396,436	\$ 10,313,029
CMHC Replacement Reserve	1,055,797	934,125
CMHC Operating Reserve	44,957	44,885
	<u>\$10,497,190</u>	<u>\$ 11,292,039</u>

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

Red Earth Cree Nation

Notes to the Consolidated Financial Statements For the Year Ended March 31, 2023

3. Accounts receivable

	2023	2022
Indigenous Services Canada	\$ 1,376,710	\$ 1,281,142
GST rebates	240,001	102,515
Store accounts receivable	124,724	66,116
Prince Albert Grand Council	94,168	51,987
Fuel & tobacco tax rebates receivable	82,311	30,715
Northern Lights Community Development Corp.	76,824	26,045
CMHC subsidy receivable	24,508	24,267
Canada Heritage - Cree Language Project	14,661	-
First Nation Trust	-	636,971
CMHC replacement reserve special contribution	-	350,000
	2,033,907	2,569,758
Due from members	25,729	21,459
Due from government and other government organizations	(11,662)	(11,662)
	14,067	9,797
	\$ 2,047,974	\$ 2,579,555

4. Trust funds held by federal government

	2023	2023	2023	2022
	Revenue	Capital	Total	Total
Surplus, beginning of year	\$ 9,976	\$ 8,250	\$ 18,226	\$ 15,305
Income earned	3,553	-	3,553	2,921
	\$ 13,529	\$ 8,250	\$ 21,779	\$ 18,226

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 Consolidated Financial Statements For the Year Ended March 31, 2023

5. Investments in Government Partnerships

Commercial enterprises are those organizations that meet the definition of government partnerships as described by Public Sector Accounting Standards. 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:

	2023	2022
Prince Albert First Nations Business Development LP - 8.25% ownership	\$ 2,000,144	\$ 1,784,153
Prince Albert Development Corporation - 8.33% ownership	26,705	24,653
	\$ 2,026,849	\$ 1,808,806

During the fiscal year, the First Nation received \$50,000 (2022 - \$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, 2023 is as follows:

	Prince Albert Development Corporation	Prince Albert First Nations Business Development LP	2023	Prince Albert Development Corporation	Prince Albert First Nations Business Development LP	2022
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 Consolidated Financial Statements For the Year Ended March 31, 2023

6. Accounts payable

	2023	2022
Source deductions payable	\$ 874,221	\$ 864,790
Indigenous Services Canada	826,484	885,213
Trade accounts payable	789,882	740,205
Wages payable	92,929	5,392
Prince Albert Grand Council	10,000	-
	<u>\$ 2,593,516</u>	<u>\$ 2,495,600</u>

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

Red Earth Cree Nation

Notes to the Consolidated Financial Statements For the Year Ended March 31, 2023

7. Long term debt

	2023	2022
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 April 1, 2024	\$ 16,256	\$ 31,001
CMHC Phase 7 loan bearing interest at 4.41% per annum, repayable in blended monthly payments of \$2,273. The loan is secured by a ministerial loan guarantee. The loan will mature on March 1, 2026.	79,915	105,108
CMHC Phase 8 loan bearing interest at 1.67% per annum, repayable in monthly blended payments of \$3,049. The loan is secured by a ministerial loan guarantee. The loan will be renewed on July 1, 2024.	214,287	247,010
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 mature on March 1, 2025.	147,876	168,458
CMHC Phase 10 loan bearing interest at 3.81% per annum, repayable in monthly blended payments of \$1,891. The loan is secured by a ministerial loan guarantee. The loan will be renewed on March 1, 2028.	152,223	169,592
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.	772,688	838,577
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.	386,762	419,157
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.	541,117	585,570
	2,311,124	2,564,473
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.	246,487	341,722
Loans Payable	2,557,611	2,906,195
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.	207,620	274,055
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.	130,563	172,341
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.	59,433	78,053
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.	75,289	208,905
Capital Lease Obligation	472,905	733,354
Long-term debt	\$3,030,516	\$3,639,549

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 Consolidated Financial Statements For the Year Ended March 31, 2023

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)	2023
ISC Funding			
Basic Needs	\$ 2,007,274	\$ 93,947	\$ 2,101,221
Prevention	-	852,096	852,096
CDCM Pub Health NC & CHRS	807,692	-	807,692
IS Second Level	801,143	(253,168)	547,975
Immediate Needs Construction	673,838	(145,950)	527,888
Employment and Training	311,861	208,270	520,131
Construction Budget 22	-	444,418	444,418
Mihkoskiwakak	-	374,939	374,939
FN Representation	-	322,475	322,475
SA Delivery	244,376	61,398	305,774
Covid Response	275,583	-	275,583
FN School Formula	767,078	(557,414)	209,664
Covid Funding	582,690	(425,241)	157,449
Search and Rescue	-	108,953	108,953
Work Experience	-	77,720	77,720
Community Navigator	56,012	20,242	76,254
Water Diversion Project	1,612,756	(1,538,518)	74,238
Need Based EMAP	59,220	-	59,220
Implementation Phase - Asset Management Plan	-	55,402	55,402
Covid LEDSP	140,878	(89,255)	51,623
FNS Skills Link	44,682	-	44,682
Renovation Imm. Needs	200,000	(155,642)	44,358
Asset Management	28,413	-	28,413
HR Management Gov Cap	-	27,000	27,000
Own Source Revenue	25,723	-	25,723
P&ID	167,556	(142,245)	25,311
Justice	-	19,260	19,260
Ec Dev. - CEOP	-	16,103	16,103
Radon Project	68,933	(60,993)	7,940
Land Claims	-	7,247	7,247
Land Mapping	4,171	-	4,171
Covid-19 Safe RE ELE/SEC	437,886	(437,886)	-

Continues on next page

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

Red Earth Cree Nation

Notes to the Consolidated Financial Statements For the Year Ended March 31, 2023

8. Unexpended revenue

	Beginning of year	Contributions received (recognized)	2023
ISC Funding continued			
Water System	164,109	(164,109)	-
Policing Legislation	160,942	(160,942)	-
Mental Wellness Program	114,756	(114,756)	-
FN School Kindergarten	68,227	(68,227)	-
Covid EMAP	36,534	(36,534)	-
Covid Safe reopening	34,274	(34,274)	-
Prenatal Nutrition	21,049	(21,049)	-
Preparedness/Mitigation	13,529	(13,529)	-
CDE	10,053	(10,053)	-
General Assembly Training	10,000	(10,000)	-
Leadership Gov Cap	9,567	(9,567)	-
Wastewater Systems	8,905	(8,905)	-
SA Delivery Infrastructure	6,000	(6,000)	-
Pension Plan non-stat	3,184	(3,184)	-
CPP/QPP Pensions FN Employer	1,887	(1,887)	-
Service Delivery	554	(554)	-
	9,981,335	(1,780,412)	8,200,923
Other Funding			
Canadian Heritage - Indigenous Languages	252,940	41,780	294,720
PAGC - IELCC FNIH	-	34,506	34,506
PAGC - PAGC Revenue	-	30,000	30,000
Indigenous Peoples Resilience Fund	-	26,534	26,534
Health Canada- Health Centre Facility	7,075	(7,075)	-
	260,015	125,745	385,760
ISC Capital funding			
ISC - Water Supply & Treatment Study	5,589,896	(1,242,867)	4,347,029
Lagoon Upgrades	585,250	500,000	1,085,250
SPS Upgrade Project	605,614	171,745	777,359
Teacherage Repairs	250,000	451,869	701,869
Community Drainage	287,362	(24,878)	262,484
River Dike Extension	130,020	-	130,020
Road Assessment and Upgrade	129,057	-	129,057
High School Assessment	-	100,000	100,000
	7,577,199	(44,131)	7,533,068
	\$ 17,818,549	\$ (1,698,798)	\$ 16,119,751

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

Red Earth Cree Nation

Notes to the Consolidated Financial Statements For the Year Ended March 31, 2023

9. Property, plant, and equipment

	CMHC Houses	Band Housing	Buildings	Infrastructure	Vehicles & Equipment	Assets Under Construction	Total
March 31, 2023							
Cost							
Balance, beginning of year	\$ 7,890,486	\$ 6,142,038	\$ 2,370,648	\$ 42,701,140	\$ 3,086,081	\$ 1,750,549	\$ 63,940,942
Additions	-	796,008	59,047	9,566	556,991	2,741,131	4,162,743
	7,890,486	6,938,046	2,429,695	42,710,706	3,643,072	4,491,680	68,103,685
Accumulated amortization							
Balance, beginning of year	5,159,909	4,364,678	1,911,283	9,090,165	1,391,790	-	21,917,825
Amortization	315,619	103,798	40,767	1,197,822	554,341	-	2,212,347
	5,475,528	4,468,476	1,952,050	10,287,987	1,946,131	-	24,130,172
Net Book Value, end of Year	2,414,958	2,469,570	477,645	32,422,719	1,696,941	4,491,680	43,973,513
March 31, 2022							
Cost							
Balance, beginning of year	7,890,486	6,142,038	2,306,148	42,689,399	2,691,055	1,068,898	62,788,024
Additions	-	-	64,500	11,741	396,314	681,651	1,154,206
Disposals	-	-	-	-	(1,288)	-	(1,288)
	7,890,486	6,142,038	2,370,648	42,701,140	3,086,081	1,750,549	63,940,942
Accumulated amortization							
Balance, beginning of year	4,844,290	4,276,800	1,849,080	7,892,768	914,941	-	19,777,879
Amortization	315,619	87,878	62,203	1,197,397	478,093	-	2,141,190
Disposals	-	-	-	-	(1,245)	-	(1,245)
	5,159,909	4,364,678	1,911,283	9,090,165	1,391,789	-	21,917,824
Net Book Value, end of year	\$ 2,730,577	\$ 1,777,360	\$ 459,365	\$ 33,610,975	\$ 1,694,292	\$ 1,750,549	\$ 42,023,118

Included within Vehicles and Equipment are leased assets whose leases are considered capital leases. In 2023, the net book value of these assets totaled \$500,512 (2022 - \$633,112).

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

Red Earth Cree Nation

Notes to the Consolidated Financial Statements For the Year Ended March 31, 2023

10. Accumulated surplus

	2023	2022
Equity in capital assets	\$41,189,484	\$36,926,772
Equity in investments	3,842,873	3,842,873
CMHC reserves	2,089,003	2,270,280
Operating fund	(8,567,960)	(6,817,594)
	\$38,553,400	\$36,222,331

- 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.

Red Earth Cree Nation

Notes to the Consolidated Financial Statements For the Year Ended March 31, 2023

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:

	2023	2022
ISC - Fixed	\$ 15,114,156	\$ 13,962,156
ISC - Flexible	12,857,319	9,444,520
ISC - Grant	686,383	678,461
ISC - Set	545,468	212,542
	<u>\$ 29,203,326</u>	<u>\$ 24,297,679</u>

Red Earth Cree Nation

Notes to the Consolidated Financial Statements For the Year Ended March 31, 2023

13. Expenses by object

	2023	2022	2022
	Budget	Actual	Actual
Salaries and benefits	\$ 8,068,068	\$ 11,956,713	\$ 10,801,905
Contracted Services	216,000	4,175,104	1,364,678
Store purchases	-	3,908,550	3,011,092
Travel expenses	1,264,487	2,695,308	2,112,344
Social assistance - basic needs	2,295,052	2,640,102	1,963,378
Sub-contracts	645,000	2,489,369	433,248
Administration fees	915,701	2,346,133	2,012,681
Amortization of property, plant and equipment	280,000	2,212,347	2,141,190
Supplies	1,286,043	1,866,589	2,477,777
Repairs and maintenance	1,135,838	1,623,987	1,575,241
Program activities	975,088	1,303,754	940,351
Student expenses	1,189,368	1,288,581	726,942
Equipment purchase	214,000	996,502	241,286
Professional fees	101,000	950,410	435,939
Training and Workshops	417,221	933,643	893,782
Community Wellness	-	737,916	92,731
Insurance	319,371	583,992	452,510
Utilities	388,624	538,666	533,129
Vehicle Operations	254,758	397,121	228,010
Other operating expenses	625,499	353,517	320,224
Member assistance	70,000	339,838	501,324
Social assistance - special needs	145,010	282,630	161,500
Emergency Response	-	168,166	288,948
Interest on long term debt	151,000	98,163	77,042
Rental	341,019	75,600	51,831
Bank charges and interest	12,000	46,674	42,692
Advertising and promotion	21,000	25,867	14,433
Bad debt expense (recovery)	-	-	2,956
	21,331,147	45,035,242	33,899,164
Transfer to capital assets	-	(4,125,033)	(757,892)
Program transfers	145,965	-	-
	\$ 21,477,112	\$ 40,910,209	\$ 33,141,272

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

Red Earth Cree Nation

Notes to the Consolidated Financial Statements For the Year Ended March 31, 2023

14. Funded reserves

Under agreements with 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, 2023, the reserve is required to be funded to a level of \$1,470,696 (2022 - \$1,469,903). At March 31, 2023, the cash balance in the reserve is \$44,957 (2022 - \$44,885)
- An operating surplus reserve established for housing units under the Post 1997 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, 2023, the reserve is required to be funded to a level of \$618,307 (2022 - \$800,378). At March 31, 2023, the cash balance in the reserve is \$1,055,797 (2022 - \$934,125)

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 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 Consolidated Financial Statements For the Year Ended March 31, 2023

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 Consolidated Financial Statements For the Year Ended March 31, 2023

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.

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

Red Earth Cree Nation

Notes to the Consolidated Financial Statements For the Year Ended March 31, 2023

17. Segmented information

2 - Community Health Programs

ISC 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 - Economic Development

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% (2022 3-8%), the employer contribution rate as a percentage of salary was 3-8% (2022 - 3-8%).

19. Annual Surplus Net of Capital Related Revenues and Amortization

	2023	2022
Annual surplus (deficit) as per Statement of Operations	\$ 2,331,069	\$ (2,059,788)
Less capital related revenues included in annual surplus		
Federal government transfers recognized	(502,026)	(182,956)
	1,829,043	(2,242,744)
Income from government business partnerships	(268,043)	(349,776)
Amortization expense included in annual surplus	2,212,347	2,141,190
	\$ 4,309,433	\$ 248,222

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

Red Earth Cree Nation

Notes to the Consolidated Financial Statements For the Year Ended March 31, 2023

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 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.

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.

23. Prior period adjustment

Upon completion of the audit of the period ending March 31, 2022, the audit review committee of Indigenous Services Canada Saskatchewan Region provided Red Earth Cree Nation with a letter detailing their findings from their review of the audit. Communicated within this letter were details of errors related to the opening balance of unexpended ISC revenue. As a result of this, the prior year has been restated to reflect ISC's review, which has resulted in a \$2,073,334 increase to unexpended revenue, and a \$2,073,334 decrease to accumulated surplus for the period ending March 31, 2022.

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

Red Earth Cree Nation

Schedule #1

Social Development
Schedule of Operations
For the Year Ended March 31, 2023
(unaudited)

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Fixed	\$ 203,138	\$ 330,562	\$ 245,133
ISC - Flexible	2,850,016	3,555,103	3,070,473
ISC - Set	151,005	133,062	133,062
Other revenue	-	11,019	1,350
ISC forfeited funding	-	(73,803)	-
Recognition (deferral) of unexpended funds	-	(357,061)	(779,355)
	3,204,159	3,598,882	2,670,663
Expenses			
Social assistance - basic needs	2,295,052	2,640,102	1,963,378
Social assistance - special needs	145,010	282,630	161,500
Program activities	202,005	177,260	120,550
Salaries and benefits	168,437	113,252	152,189
Contracted Services	-	79,873	10,830
Training and Workshops	127,600	79,451	89,674
Equipment purchase	28,000	78,488	-
Travel expenses	43,280	77,766	56,830
Supplies	10,000	30,594	24,987
Rental	-	25,984	12,000
Repairs and maintenance	-	9,763	8,271
Vehicle Operations	8,000	7,440	5,717
Utilities	-	3,145	288
Administration fees	-	2,500	37,093
Insurance	-	1,315	744
Professional fees	-	-	10,000
Other operating expenses	48,810	-	3,800
	3,076,194	3,609,563	2,657,851
Current surplus before transfers	127,965	(10,681)	12,812
Transfer to capital assets	-	78,488	-
Current surplus (deficit)	\$ 127,965	\$ 67,807	\$ 12,812

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, 2023
(unaudited)

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Fixed	\$ -	\$ 165,545	\$ 94,545
ISC - Flexible	-	849,223	382,794
ISC - Grant	558,289	686,383	678,461
User fees	-	3,840	31,851
Income from government business partnerships	-	268,043	349,776
Prince Albert Grand Council	15,000	6,640	16,681
Ottawa trust fund	-	3,553	2,921
Other revenue	24,000	645,095	237,976
Administration fees	908,171	2,084,590	1,699,107
Recognition (deferral) of unexpended funds	134,000	(80,236)	(242,363)
	1,639,460	4,632,676	3,251,749
Expenses			
Salaries and benefits	270,565	983,843	808,231
Travel expenses	865,000	935,753	877,566
Contracted Services	-	430,682	432,018
Supplies	30,000	220,789	142,779
Other operating expenses	151,350	178,491	16,727
Training and Workshops	10,000	134,912	143,493
Insurance	-	131,984	247,740
Professional fees	79,000	130,234	24,500
Member assistance	-	121,737	39,502
Administration fees	-	101,477	27,401
Utilities	64,000	55,682	54,024
Interest on long term debt	-	22,601	-
Bank charges and interest	12,000	21,458	19,660
Program activities	65,000	14,326	189,600
Emergency Response	-	10,244	288,948
Rental	10,000	8,009	2,248
Advertising and promotion	-	3,210	-
Repairs and maintenance	5,000	657	4,555
Equipment purchase	-	-	30,822
	1,561,915	3,506,089	3,349,814
Current surplus (deficit)	\$ 77,545	\$ 1,126,587	\$ (98,065)

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, 2023
(unaudited)

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Fixed	\$ 1,601,368	\$ 2,937,225	\$ 1,880,130
ISC - Flexible	-	140,565	375,500
User fees	49,500	2,194	163
Other revenue	98,006	8,853	6,919
Administration fees	145,965	-	-
Recognition (deferral) of unexpended funds	-	1,901,448	(283,679)
	1,894,839	4,990,285	1,979,033
Expenses			
Contracted Services	75,000	2,669,118	434,945
Repairs and maintenance	131,200	704,393	221,563
Salaries and benefits	457,286	446,975	360,997
Administration fees	-	307,779	225,563
Insurance	35,500	212,314	9,214
Utilities	187,750	156,185	208,840
Supplies	106,200	139,321	133,320
Equipment purchase	70,000	132,498	58,362
Vehicle Operations	55,000	102,358	63,094
Travel expenses	12,000	46,293	28,819
Sub-contracts	-	44,410	-
Interest on long term debt	-	17,887	11,613
Training and Workshops	13,000	7,768	4,964
Program activities	-	6,500	10,119
Rental	155,352	4,117	-
Other operating expenses	107,000	810	416
	1,405,288	4,998,726	1,771,829
Current surplus before transfers	489,551	(8,441)	207,204
Program transfers	(145,965)	(1,152)	-
Transfer to capital assets	-	120,183	-
Current surplus (deficit)	\$ 343,586	\$ 110,590	\$ 207,204

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, 2023
(unaudited)

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Fixed	\$ 10,095,018	\$ 10,795,918	\$ 10,686,234
ISC - Flexible	1,542,287	94,723	485,584
Department of Canadian Heritage	-	293,150	293,150
Rental revenue	70,000	55,500	200
Other revenue	-	19,351	23,067
User fees	-	-	75
Recognition (deferral) of unexpended funds	-	1,278,100	(951,870)
	11,707,305	12,536,742	10,536,440
Expenses			
Salaries and benefits	6,731,890	7,311,771	6,571,466
Student expenses	1,189,368	1,288,581	726,942
Administration fees	827,559	1,117,913	1,146,497
Supplies	1,107,843	1,060,000	1,446,628
Travel expenses	299,207	434,986	233,675
Training and Workshops	238,621	354,014	405,133
Equipment purchase	41,000	308,438	21,510
Repairs and maintenance	148,900	272,460	272,587
Utilities	136,874	203,341	143,243
Vehicle Operations	169,758	184,494	62,249
Program activities	143,917	135,140	-
Contracted Services	125,000	129,535	17,100
Other operating expenses	101,581	46,539	6,400
Insurance	122,027	23,255	25,326
Rental	175,667	5,008	25,673
Advertising and promotion	21,000	900	1,195
Bad debt expense (recovery)	-	-	2,956
	11,580,212	12,876,375	11,108,580
Current surplus before transfers	127,093	(339,633)	(572,140)
Program transfers	-	313,901	-
Transfer to capital assets	-	193,859	-
Current surplus (deficit)	\$ 127,093	\$ 168,127	\$ (572,140)

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, 2023
(unaudited)

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Flexible	\$ 678,000	\$ 4,241,677	\$ 1,834,378
Rental revenue	343,251	311,997	236,093
Canada Mortgage and Housing Corporation	296,000	306,405	769,707
Interest Income	-	214,996	9,679
Administration fees	59,652	59,642	59,642
Other revenue	518,569	14,523	16,566
Recognition (deferral) of unexpended funds	-	(247,263)	(730,446)
	1,895,472	4,901,977	2,195,619
Expenses			
Sub-contracts	645,000	2,444,959	433,248
Professional fees	22,000	729,439	239,089
Repairs and maintenance	842,738	547,132	818,540
Administration fees	79,642	235,930	137,636
Salaries and benefits	221,068	187,608	80,474
Insurance	159,084	178,908	126,398
Program activities	-	159,726	151,511
Equipment purchase	75,000	134,260	-
Interest on long term debt	151,000	42,911	44,707
Travel expenses	12,000	33,992	22,153
Supplies	20,000	18,866	398
Vehicle Operations	12,000	17,750	12,037
Other operating expenses	97,758	9,580	5,340
Utilities	-	6,641	5,917
Member assistance	-	1,257	-
Bank charges and interest	-	848	422
Amortization of property, plant and equipment	280,000	-	-
Training and Workshops	10,000	-	2,290
	2,627,290	4,749,807	2,080,160
Current surplus before transfers	(731,818)	152,170	115,459
Transfer to capital assets	-	3,421,681	693,392
Current surplus (deficit)	\$ (731,818)	\$ 3,573,851	\$ 808,851

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, 2023

(unaudited)

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Fixed	\$ -	\$ -	\$ 88,038
ISC - Flexible	-	970,883	1,729,787
ISC - Set	-	112,406	79,480
Prince Albert Grand Council	-	1,290,644	916,280
Other revenue	-	170,412	242,424
Administration fees	-	181,081	194,454
Recognition (deferral) of unexpended funds	-	557,127	(453,134)
	-	3,282,553	2,797,329
Expenses			
Salaries and benefits	-	1,319,746	954,512
Travel expenses	-	600,398	468,863
Contracted Services	-	508,632	202,164
Community Wellness	-	386,639	92,731
Supplies	-	266,659	420,386
Administration fees	-	218,045	219,130
Utilities	-	98,637	63,919
Training and Workshops	-	58,087	163,764
Repairs and maintenance	-	34,594	34,652
Rental	-	32,482	11,910
Vehicle Operations	-	28,071	21,699
Insurance	-	26,328	24,191
Program activities	-	12,329	-
Other operating expenses	-	9,672	32,094
Member assistance	-	8,267	20,044
Equipment purchase	-	5,912	16,593
Bank charges and interest	-	5,324	4,830
Professional fees	-	-	11,000
	-	3,619,822	2,762,482
Current surplus before transfers	-	(337,269)	34,847
Program transfers	-	6,467	-
Transfer to capital assets	-	71,299	-
Current surplus (deficit)	\$ -	\$ (259,503)	\$ 34,847

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, 2023
(unaudited)

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Fixed	\$ 119,626	\$ 116,368	\$ -
Northern Lights Community Development Corp.	35,116	106,535	68,654
Prince Albert Grand Council	42,700	54,850	42,700
Deferred revenue - current year	-	(16,103)	-
	197,442	261,650	111,354
Expenses			
Contracted Services	10,000	88,723	12,421
Travel expenses	17,000	57,965	14,405
Salaries and benefits	53,027	55,467	54,392
Program activities	35,166	47,863	26,605
Training and Workshops	-	16,303	-
Administration fees	-	11,542	-
Member assistance	10,000	6,870	-
Vehicle Operations	-	2,000	-
Supplies	1,000	810	1,273
Other operating expenses	2,000	741	2,259
Insurance	1,560	-	-
	129,753	288,284	111,355
Current surplus before transfers	67,689	(26,634)	(1)
Transfers			
Program transfers	-	41,464	-
Current surplus (deficit)	\$ 67,689	\$ 14,830	\$ (1)

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, 2023

(unaudited)

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Fixed	\$ 250,000	\$ 768,538	\$ 968,075
ISC - Flexible	85,000	3,005,145	1,566,004
ISC - Set	-	300,000	-
Prince Albert Grand Council	140,000	170,000	196,442
Store sales	-	5,227,161	4,151,732
First Nations Trust	450,000	726,315	326,163
Other revenue	65,000	160,493	112,210
Recognition (deferral) of unexpended funds	-	(1,321,139)	218,671
	990,000	9,036,513	7,539,297
Expenses			
Store Cost of Sales	-	3,908,550	3,011,092
Salaries and benefits	165,795	1,538,053	1,819,645
Program activities	529,000	750,611	441,965
Travel expenses	16,000	508,156	410,032
Community Wellness	-	351,276	-
Administration fees	8,500	350,947	219,362
Equipment purchase	-	336,906	114,000
Training and Workshops	18,000	283,109	84,465
Contracted Services	6,000	268,540	255,199
Member assistance	60,000	201,706	441,779
Emergency Response	-	157,923	-
Supplies	11,000	129,545	308,011
Other operating expenses	117,000	107,683	253,187
Professional fees	-	90,737	151,350
Vehicle Operations	10,000	55,008	63,212
Repairs and maintenance	8,000	54,989	215,073
Advertising and promotion	-	21,757	13,238
Bank charges and interest	-	19,043	17,780
Utilities	-	15,035	56,895
Interest on long term debt	-	14,765	20,721
Insurance	1,200	9,889	18,897
	950,495	9,174,229	7,915,903
Current surplus before transfers	39,505	(137,716)	(376,606)
Program transfers	-	(360,682)	-
Transfer to capital assets	-	239,525	64,500
Current surplus (deficit)	\$ 39,505	\$ (258,873)	\$ (312,106)

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