

**Muskeg Lake Cree Nation**  
**Consolidated Financial Statements**  
**March 31, 2015**

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**Muskeg Lake Cree Nation****Consolidated Financial Statements**

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**March 31, 2015****Page**

<b>Management's Responsibility for Financial Reporting</b>	<b>3</b>
<b>Independent Auditors' Report</b>	<b>4</b>
<b>Financial Statements</b>	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Change in Net Debt	7
Consolidated Statement of Cash Flow	8
Notes to Consolidated Financial Statements	9 - 26

# Muskeg Lake Cree Nation

## Management's Responsibility for Financial Reporting

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March 31, 2015

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The accompanying consolidated financial statements of Muskeg Lake Cree Nation are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

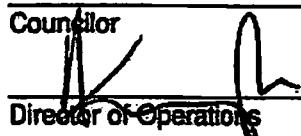
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

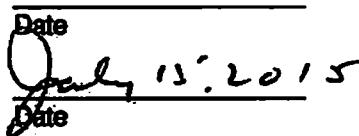
Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

Council meets periodically with management, as well as the 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 to review the consolidated financial statements and the external auditor's report.

The external auditors, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Muskeg Lake Cree Nation and meet when required.

On behalf of Muskeg Lake Cree Nation:

Councillor  
  
Director of Operations

Date  
  
March 13, 2015  
Date

## Independent Auditors' Report

### To the Members of Muskeg Lake Cree Nation

We have audited the accompanying consolidated financial statements of Muskeg Lake Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated Financial Statements*

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

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Muskeg Lake Cree Nation as at March 31, 2015, and the results of its operations, the changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Canada  
July 15, 2015

*Crowe MacKay LLP*  
Chartered Accountants

# Muskeg Lake Cree Nation

## Consolidated Statement of Financial Position

March 31	2015	2014
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### Financial Assets

Cash (Note 2)	\$ 495,921	\$ 564,650
Accounts receivable (Note 3)	952,511	951,352
Band member receivables (Note 4)	80,459	49,912
Portfolio investments (Note 5)	73,622	73,622
<u>Investments in government business organizations (Note 6)</u>	<u>2,769,736</u>	<u>1,888,746</u>
	<b>4,372,249</b>	<b>3,528,282</b>

### Liabilities

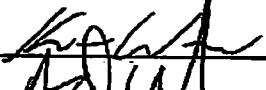
Bank indebtedness (Note 7)	802,168	871,896
Accounts payable (Note 8)	1,510,782	1,508,424
Reserves (Note 9)	349,692	316,536
Deferred revenue (Note 10)	144,890	125,000
<u>Long-term debt (Note 11)</u>	<u>4,019,533</u>	<u>3,924,556</u>
	<b>6,827,065</b>	<b>6,746,412</b>
<b>Net debt</b>	<b>(2,454,816)</b>	<b>(3,218,130)</b>

### Non-financial Assets

Capital assets (Note 12)	14,770,535	15,533,795
Prepaid expenses	66,564	11,290
	<b>14,837,099</b>	<b>15,545,085</b>
<b>Accumulated Surplus (Note 13)</b>	<b>\$ 12,382,283</b>	<b>\$ 12,326,955</b>

Contingent liabilities (Note 16)

Approved on behalf of the Council

, Councillor  
, Councillor

# Muskeg Lake Cree Nation

## Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2015 Budget	2015 Actual	2014 Actual
<b>Revenue</b>			
Federal Government:			
AANDC - Block	\$ 5,472,597	\$ 5,498,703	\$ 6,922,981
Health Canada	113,346	120,762	81,582
CMHC	-	114,432	112,114
Saskatoon Tribal Council	1,958,098	1,751,619	1,582,227
Other	1,578,697	3,034,593	2,645,611
Income from government business enterprises	-	880,990	359,521
	<b>9,122,738</b>	<b>11,401,099</b>	<b>11,704,036</b>
<b>Expenses (Note 14)</b>			
Education	3,369,746	3,208,681	3,662,490
Health	893,990	822,046	857,489
Economic Development	438,212	666,861	597,893
Housing	-	882,456	776,245
Social Services	733,609	1,016,686	676,022
Band Government	1,139,435	1,776,975	1,703,693
Community Services	878,557	681,272	707,680
Public Works	1,207,358	1,003,523	910,026
Amortization	1,287,271	1,287,271	1,108,543
	<b>9,948,178</b>	<b>11,345,771</b>	<b>11,000,081</b>
<b>Excess of revenue over expenses</b>	<b>(825,440)</b>	<b>55,328</b>	<b>703,955</b>
<b>Accumulated surplus, beginning of year</b>	<b>12,326,955</b>	<b>12,326,955</b>	<b>11,623,000</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 11,501,515</b>	<b>\$ 12,382,283</b>	<b>\$ 12,326,955</b>

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**Muskeg Lake Cree Nation****Consolidated Statement of Change in Net Debt**

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<b>For the year ended March 31</b>	<b>2015 Budget</b>	<b>2015 Actual</b>	<b>2014 Actual</b>
<b>Excess of revenue over expenses</b>	<b>\$ (825,440)</b>	<b>\$ 55,328</b>	<b>\$ 703,955</b>
Acquisition of tangible capital assets	-	(524,011)	(3,003,011)
Amortization of tangible capital assets	-	<b>1,287,271</b>	<b>1,108,542</b>
	-	<b>763,260</b>	<b>(1,894,469)</b>
Acquisition of prepaid asset	(55,274)	(55,274)	(1,513)
<b>Increase (decrease) in net financial assets</b>	<b>(880,714)</b>	<b>763,314</b>	<b>(1,192,027)</b>
<b>Net debt, beginning of year</b>	<b>(3,218,130)</b>	<b>(3,218,130)</b>	<b>(2,026,103)</b>
<b>Net debt, end of year</b>	<b>\$ (4,098,844)</b>	<b>\$ (2,454,816)</b>	<b>\$ (3,218,130)</b>

# Muskeg Lake Cree Nation

## Consolidated Statement of Cash Flow

For the year ended March 31, 2015	2015	2014
<b>Cash flows from Operating activities</b>		
Excess of revenue over expenses	\$ 55,328	\$ 703,955
Items not affecting cash		
Amortization	1,287,271	1,108,543
Income from government business enterprises	(880,990)	(359,521)
	461,609	1,452,977
Change in non-cash operating working capital		
Accounts receivable	(1,159)	273,907
Prepaid expenses	(55,274)	(1,513)
Accounts payable	2,358	715,237
Deferred revenue	19,890	(947,286)
Band member receivables	(30,544)	84,080
Reserves	33,153	33,155
	430,033	1,610,557
<b>Capital activities</b>		
Purchase of capital assets	(524,011)	(3,003,011)
<b>Financing activities</b>		
Advance (repayment) of operating loans	(69,728)	(367,848)
Advances on long term debt	1,172,761	1,303,451
Repayment of long term debt	(1,077,784)	(467,251)
	25,249	468,352
<b>Investing activities</b>		
Distributions from government business enterprises	-	211,412
<b>Decrease in cash and cash equivalents</b>	(68,729)	(712,690)
<b>Cash and cash equivalents, beginning of year</b>	564,650	1,277,340
<b>Cash and cash equivalents, end of year</b>	\$ 495,921	\$ 564,650

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# **Muskeg Lake Cree Nation**

## **Notes to Consolidated Financial Statements**

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**March 31, 2015**

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### **1. Basis of Presentation and Significant Accounting Policies**

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

#### **(a) Reporting entity and principles of consolidation**

The Muskeg Lake Cree Nation reporting entity includes the First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. Commercial enterprises which meet the definition of government business enterprises are recorded on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the Nation's investment in the government business enterprise and the enterprises 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 the Muskeg Lake Cree Nation.

Organizations accounted for on a modified equity basis include:

1. Aspen Developments Inc.
2. Muskeg Lake Economic Development Limited Partnership

#### **(b) 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 impracticable.

Government transfers 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 the specific purpose.

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

Income from investments is recorded on the accrual basis.

#### **(c) Investments**

Portfolio investments are carried at cost.

##### **Impairment**

Investments are written down where there has been a loss in value that is other than a temporary decline.

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# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

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March 31, 2015

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### 1. Basis of Presentation and Significant Accounting Policies (continued)

#### (d) Tangible capital assets

Tangible capital assets 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 Muskeg Lake Cree Nation's incremental cost of borrowing.

Amortization is provided on the straight-line basis over the estimated useful life of the asset as follows

Buildings and infrastructure	25 years Straight line
Automotive equipment	4 years Straight line
Computer equipment	4 years Straight line
Office furniture and equipment	5 years Straight line
Band Houses	20 years Straight line
CMHC Houses	20 years Straight line
Capital projects under construction	0 years Straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to Muskeg Lake 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 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 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 tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

#### (e) Cash

Cash and cash equivalents include cash on hand and balances in bank accounts.

#### (f) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

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# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

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March 31, 2015

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### 1. Basis of Presentation and Significant Accounting Policies (continued)

#### (g) 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.

### 2. Cash

	2015	2014
Externally restricted		
Capital projects	\$ 44,890	\$ 68,561
Replacement reserves	<u>107,357</u>	<u>21,364</u>
	<u>152,247</u>	<u>89,925</u>
Unrestricted		
Operations	<u>343,674</u>	<u>474,725</u>
	<u>\$ 495,921</u>	<u>\$ 564,650</u>

### 3. Accounts receivable

	2015	2014
Aboriginal Affairs and Northern Development Canada	\$ 100,000	\$ 15,684
Health Canada	-	16,000
Canada Mortgage and Housing Corporation	-	18,271
Saskatoon Tribal Council	281,200	483,680
Other	399,874	417,717
Taxation	<u>171,437</u>	-
	<u>\$ 952,511</u>	<u>\$ 951,352</u>

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## Muskeg Lake Cree Nation

### Notes to Consolidated Financial Statements

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**March 31, 2015**

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#### **4. Band member receivables**

	<b>2015</b>	<b>2014</b>
Member advances	\$ 490,268	\$ 459,721
Allowance for uncollectible amounts	(409,809)	(409,809)
	<b>\$ 80,459</b>	<b>\$ 49,912</b>

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The loans to members are unsecured, non-interest bearing and repayable on demand.

#### **5. Portfolio investments**

The portfolio investment consists of shares and advances in a development organization that serves a number of First Nations.

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 6. Investment in Government Business Enterprises

	Aspen Developments Ltd.	Muskeg Lake Economic Development LP	2015 Total	2014 Total
Cash	\$ 148,766	\$ 1,705,867	\$ 1,854,633	\$ 1,508,289
Accounts receivable	453,514	476,647	930,161	848,939
Inventory	-	371,078	371,078	456,298
Prepays	-	29,764	29,764	28,798
Investments	-	976,305	976,305	803,148
Tangible capital assets	840,901	6,751,068	7,591,969	6,085,840
Other assets	134,115	58,477	192,592	-
<b>Total assets</b>	<b>\$ 1,577,296</b>	<b>\$ 10,369,206</b>	<b>\$ 11,946,502</b>	<b>\$ 9,731,312</b>

Accounts payable	\$ 256,309	\$ 850,407	\$ 1,106,716	\$ 540,248
Long-term debt	-	8,070,050	8,070,050	7,302,318
Due to related parties	2,067,312	(2,067,312)	-	-
<b>Total liabilities</b>	<b>2,323,621</b>	<b>6,853,145</b>	<b>9,176,766</b>	<b>7,842,566</b>
<b>Equity</b>	<b>(746,325)</b>	<b>3,516,061</b>	<b>2,769,736</b>	<b>1,888,746</b>
<b>Total liabilities and equity</b>	<b>\$ 1,577,296</b>	<b>\$ 10,369,206</b>	<b>\$ 11,946,502</b>	<b>\$ 9,731,312</b>

	Aspen Developments Ltd.	Muskeg Lake Economic Development LP	2015 Total	2014 Total
Revenue	\$ 370,772	\$ 21,450,877	\$ 21,821,649	\$ 23,394,063
Amortization	44,264	463,345	507,609	592,669
Cost of sales	-	16,042,268	16,042,268	17,415,002
General and administration	290,032	4,100,750	4,390,782	5,026,871
<b>Total expenses</b>	<b>334,296</b>	<b>20,606,363</b>	<b>20,940,659</b>	<b>23,034,542</b>
<b>Net income</b>	<b>\$ 36,476</b>	<b>\$ 844,514</b>	<b>\$ 880,990</b>	<b>\$ 359,521</b>

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 7. Bank indebtedness

The Nation has an operating line of credit in the amount of \$500,000 bearing interest at prime plus 3% (4.85%) with further overdrafts bearing interest at 25%. At the year end, the Nation was overdrawn by \$274,458 (2014: \$512,261).

The Nation has a construction line of credit in the amount of \$61,534 bearing interest at prime plus 3% (4.85%).

The Nation has a demand loan in the amount of \$400,000 bearing interest at prime plus 3% (4.85%) which is to be paid in full as of April 1, 2015.

The loans are secured by a general security agreement and an assignment of receipts.

	2015	2014
Operating line of credit	\$ 274,458	\$ 500,000
Additional overdraft	-	12,261
Cheques issued in excess of funds on deposit	66,176	161,131
Construction line of credit	61,534	198,504
Operating loan	<u>400,000</u>	-
	<hr/>	<hr/>
	\$ 802,168	\$ 871,896

### 8. Accounts payable

	2015	2014
Trade	\$ 746,014	\$ 688,542
Accrued salaries and employee benefits	129,154	130,689
Off-reserve tuition fees	635,614	689,193
	<hr/>	<hr/>
	\$ 1,510,782	\$ 1,508,424

### 9. Reserves

Under the terms of the agreements with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited annually with agreed amounts. These funds, along with accumulated interest, must be held in a separate bank account, and invested in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. As at March 31, 2015 the amount in the Replacement Reserve account was underfunded by \$242,335 (2014 - \$295,172).

Subsequent to the 2014 year end, the Nation agreed to make 60 monthly payments of \$4,657 to the reserve account.

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 10. Deferred revenue

Deferred revenue arises as a result of revenue being received for specific projects which have not been completed as at the year end date. The amounts will be recognized as revenue at the time the corresponding expenditures are incurred.

	2015	2014
Aboriginal Affairs and Northern Development Canada - capital projects	\$ 144,890	\$ 68,560
Aboriginal Affairs and Northern Development Canada - program funding	-	21,500
Other	-	34,940
	<b>\$ 144,890</b>	<b>\$ 125,000</b>

### 11. Long-term debt

	2015	2014
John Deere vehicle loan with payments of \$1,067 per month including interest at 9.62% per annum, maturing June 19, 2018, secured by a vehicle with net book value of \$45,963.	\$ 34,824	\$ -
First Nations Bank mortgage with payments of \$746 per month including interest at 4.74% per annum, maturing April 1, 2018, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first mortgage on housing units.	25,174	32,589
Canada Mortgage and Housing Corporation mortgage with payments of \$451 per month including interest at 1.99% per annum, maturing April 1, 2019, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first mortgage on housing units.	21,260	26,211
Canada Mortgage and Housing Corporation mortgage with payments of \$1,136 per month including interest at 2.63% per annum, maturing March 1, 2026, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first mortgage on housing units.	130,501	140,608
Canada Mortgage and Housing Corporation mortgage with payments of \$1,068 per month including interest at 1.62% per annum, maturing February 1, 2028, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first mortgage on housing units.	149,659	159,996

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## Muskeg Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2015

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#### 11. Long-term debt, continued

	2015 \$	2014 \$
Canada Mortgage and Housing Corporation mortgage with payments of \$1,125 per month including interest at 2.61% per annum, maturing July 1, 2029, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first mortgage on housing units.	161,412	170,996
Canada Mortgage and Housing Corporation mortgage with payments of \$1,628 per month including interest at 1.71% per annum, maturing July 1, 2027, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first mortgage on housing units.	217,591	233,312
Canada Mortgage and Housing Corporation mortgage with payments of \$1,351 per month including interest at 2.11% per annum, maturing December 1, 2033, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first mortgage on housing units.	251,605	262,443
Canada Mortgage and Housing Corporation mortgage with payments of \$4,029 per month including interest at 2.75% per annum, maturing February 1, 2036, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first mortgage on housing units.	766,601	793,699
Canada Mortgage and Housing Corporation mortgage with payments of \$3,115 per month including interest at 1.85% per annum, maturing February 1, 2034, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first mortgage on housing units.	624,299	553,452
Operating loan with payments of \$108,231 per quarter including interest at prime plus 2.5% (5.75%) per annum; secured by a general security agreement; repaid October 2014.	-	801,250
Government of Canada recovery with repayment terms of \$7,500 per month without interest commencing September 1, 2014. Payments to be withheld from current funding agreements.	697,500	750,000
First Calgary vehicle lease with payments of \$251 per month included interest at 5% per annum, maturing April 3, 2017, secured by a vehicle with net book value of \$17,663.	14,797	-
First Calgary vehicle lease with payments of \$258 per month included interest at 5.00% per annum, maturing April 3, 2017, secured by a vehicle with net book value of \$17,843.	14,949	-

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**Muskeg Lake Cree Nation****Notes to Consolidated Financial Statements**

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**March 31, 2015**

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**11. Long-term debt, continued**

	2015 \$	2014 \$
Operating loan repayable in quarterly instalments of \$56,850 including interest at prime plus 3% (4.85%) maturing 2019 secured by a general security agreement.	909,361	-
	<hr/> <b>\$ 4,019,533</b>	<hr/> <b>\$ 3,924,556</b>

Estimated principal portion of long-term debt due within the next five years:

2016	\$ 413,404
2017	427,308
2018	455,435
2019	431,832
2020 and thereafter	<hr/> 2,291,554
	<hr/> <b>\$ 4,019,533</b>

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 12. Tangible Capital Assets

	Balance, beginning of year	Cost			Accumulated amortization			2015 net book value
		Additions	Transfers	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Land	\$ 4,500	\$ -	\$ -	\$ 4,500	\$ -	\$ -	\$ -	\$ 4,500
Buildings and infrastructure	14,753,507	-	-	14,753,507	4,351,616	443,655	4,795,271	9,958,236
Automotive equipment	1,328,452	100,070	-	1,428,522	1,118,556	51,990	1,170,546	257,976
Computer equipment	416,709	25,839	-	442,548	340,067	22,192	362,259	80,289
Office furniture and equipment	1,494,295	-	-	1,494,295	1,217,992	116,757	1,334,749	159,546
Band Houses	8,184,754	500,000	-	8,684,754	7,283,151	230,320	7,513,471	1,171,283
CMHC Houses	3,268,702	755,961	-	4,024,663	671,506	422,362	1,093,868	2,930,795
Capital projects under construction	1,065,764	(101,893)	(755,961)	207,910	-	-	-	207,910
	\$ 30,516,683	\$ 1,279,977	\$ (755,961)	\$ 31,040,699	\$ 14,982,888	\$ 1,287,276	\$ 16,270,164	\$ 14,770,535
	Balance, beginning of year	Cost			Accumulated amortization			2014 Net book value
		Additions	Transfers	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Land	\$ 4,500	\$ -	\$ -	\$ 4,500	\$ -	\$ -	\$ -	\$ 4,500
Buildings and infrastructure	12,830,239	1,923,268	-	14,753,507	3,884,590	467,026	4,351,616	10,401,891
Automotive equipment	1,284,065	44,387	-	1,328,452	1,077,179	41,377	1,118,556	209,896
Computer equipment	397,868	18,841	-	416,709	323,262	16,805	340,067	76,642
Office furniture and equipment	1,494,295	-	-	1,494,295	1,164,163	53,829	1,217,992	276,303
Band Houses	8,184,754	-	-	8,184,754	6,873,913	409,238	7,283,151	901,603
CMHC Houses	2,405,333	863,369	-	3,268,702	551,240	120,266	671,506	2,597,196
Capital projects under construction	912,619	2,989,032	(2,835,887)	1,065,764	-	-	-	1,065,764
	\$ 27,513,673	\$ 5,838,897	\$ (2,835,887)	\$ 30,516,683	\$ 13,874,347	\$ 1,108,541	\$ 14,982,888	\$ 15,533,795

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 13. Accumulated surplus

	2015	2014
Capital assets	\$ 11,660,363	\$ 12,366,106
Investment	2,769,736	1,888,746
Operating	(2,047,816)	(1,927,897)
	<b>\$ 12,382,283</b>	<b>\$ 12,326,955</b>

### 14. Expenses

For the year ended March 31	2015 Budget	2015 Actual	2014 Actual
<b>Expenses</b>			
Amortization	\$ 1,287,271	\$ 1,287,271	\$ 1,108,543
Bank charges	48,000	46,504	43,279
Contracts	238,750	49,044	222,057
Emergency assistance	100,000	66,403	65,910
Insurance	205,732	185,093	146,600
Interest on long term debt	80,000	107,389	116,269
Leases	37,596	34,879	82,893
Office	133,140	86,122	82,727
Professional development	23,000	30,007	52,783
Professional fees	253,100	822,805	474,270
Program expenses	3,377,108	3,202,222	3,447,413
Repairs and maintenance	206,000	827,238	466,114
Telephone	135,400	75,555	80,126
Travel	391,800	420,746	460,311
Utilities	102,000	147,464	196,138
Wages and benefits	3,329,281	3,957,029	3,954,648
	<b>\$ 9,948,178</b>	<b>\$ 11,345,771</b>	<b>\$ 11,000,081</b>

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## Muskeg Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2015

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#### 15. Trust Funds

##### Treaty Land Entitlement Trust

The Muskeg Lake Treaty Land Entitlement Trust (TLE) was settled pursuant to the signing of an agreement between the Muskeg Lake Cree Nation and the Governments of Canada and Saskatchewan. The purpose of the Trust is to receive \$8,652,535 for the purchase of a minimum of 3,072 acres to be transferred to reserve status. These amounts were received by the trust over a twelve-year period ending in 2004. All entitlement monies received by the Trust are administered by the Trustees under the terms and conditions of the Trust Deed.

Separate audited financial statements are prepared by another firm of accountants for the Treaty Land Entitlement Trust.

##### Ottawa Trust Funds

Funds held by the Government of Canada (Aboriginal Affairs and Northern Development Canada) in trust for the use and benefit of the Muskeg Lake Cree Nation are as follows:

	2015	2014
Capital funds held in trust	\$ 468	\$ 468
Revenue funds held in trust	26	43
	<hr/> \$ 494	<hr/> \$ 511

#### 16. Contingent Liabilities

- a) The First Nation is contingently liable for loans from CMHC under the RRAP program. Each loan is forgiven over a period of time and therefore no liability has been recorded in these statements.
- b) The First Nation together with a controlled company has commenced a lawsuit against a tenant for various breaches of rental agreements. The action has resulted in numerous claims and counter-claims by both parties. Since the amount of loss, if any, cannot be reasonably estimated, no provision has been recorded in these financial statements. Should a loss be incurred, it will be expensed in the year the liability is determined.
- c) Government contributions related to the projects of the First Nation are subject to conditions regarding the expenditure of funds. The First Nation's accounting records are subject to audit by the various funding agencies. Should any instances be identified in which the amounts charged to projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies. Adjustments to the financial statements as a result of these audits will be recorded in the period in which they become known.

#### 17. Comparative Amounts

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period.

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## **Muskeg Lake Cree Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2015**

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#### **18. Budget Information**

The unaudited budget data in these financial statements is based upon the 2015 operating budget approved by Council.

Amortization was not contemplated on development of the budget and has been recognized at the amount expensed in the current year.

#### **19. Economic Dependence**

Muskeg Lake Cree Nation receives a significant portion of its revenue pursuant to a funding agreement from Aboriginal Affairs and Northern Development Canada.

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 20. Segmented information

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function. The segment revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounts Policies as described in Note 2. The segment results for the period are as follows:

	Education		Health		Economic Development				
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>									
AANDC - Block	2,724,636	2,725,029	2,742,507	-	-	-	371,555	299,752	341,555
Health Canada	-	-	-	113,346	120,762	81,582	-	-	-
Saskatoon Tribal Council	403,335	422,077	394,586	625,829	648,493	733,841	-	-	15,500
Other revenue	-	147,375	399,950	-	1,434	(73,691)	475,600	553,424	629,198
<b>Total revenue</b>	<b>3,127,971</b>	<b>3,294,481</b>	<b>3,537,043</b>	<b>739,175</b>	<b>770,689</b>	<b>741,732</b>	<b>847,155</b>	<b>853,176</b>	<b>986,253</b>
<b>Expenses</b>									
Wages and benefits	721,538	865,415	926,214	480,480	483,012	551,307	234,696	282,963	268,081
Program expenses	2,497,966	2,033,279	2,511,470	222,278	174,408	135,235	95,516	132,123	179,767
Contracts	18,750	2,729	23,746	-	200	28,663	-	36,378	2,459
Repairs and maintenance	12,000	135,039	76,463	12,000	10,315	9,546	22,000	8,674	1,632
Travel	26,500	38,243	37,110	45,100	31,971	42,743	58,200	34,033	28,858
Insurance	15,000	21,005	3,626	6,132	7,802	5,170	600	1,785	-
Interest on long term debt	-	-	-	-	1,956	-	-	-	-
Other expenses	77,992	112,971	83,861	128,000	112,382	84,825	27,200	170,905	117,096
<b>Total expenses</b>	<b>3,369,746</b>	<b>3,208,681</b>	<b>3,662,490</b>	<b>893,990</b>	<b>822,046</b>	<b>857,489</b>	<b>438,212</b>	<b>666,861</b>	<b>597,893</b>
<b>Annual surplus (deficit)</b>	<b>(241,775)</b>	<b>85,800</b>	<b>(125,447)</b>	<b>(154,815)</b>	<b>(51,357)</b>	<b>(115,757)</b>	<b>408,943</b>	<b>186,315</b>	<b>388,360</b>

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 20. Segmented information, continued

	2015 Budget	Housing 2015 Actual	2014 Actual	2015 Budget	Social Services 2015 Actual	2014 Actual	2015 Budget	Band Government 2015 Actual	2014 Actual
<b>Revenues</b>									
AANDC - Block	-	548,789	547,398	812,130	823,923	794,900	603,891	655,552	900,891
CMHC	-	114,432	112,114	-	-	-	-	-	-
Saskatoon Tribal Council	-	-	-	-	248,996	59,198	637,934	121,750	178,618
Equity income (loss) of business enterprises	-	-	-	-	-	-	-	880,990	359,521
Other revenue	-	683,593	38,525	70,000	12,275	(16,273)	650,597	1,037,869	1,154,013
<b>Total revenue</b>	-	<b>1,346,814</b>	<b>698,037</b>	<b>882,130</b>	<b>1,085,194</b>	<b>837,825</b>	<b>1,892,422</b>	<b>2,696,161</b>	<b>2,593,043</b>
<b>Expenses</b>									
Wages and benefits	-	242,547	256,876	44,900	176,578	63,981	1,105,350	1,211,014	1,249,271
Program expenses	-	136,602	134,968	608,209	659,362	577,980	(621,115)	(247,505)	(443,874)
Contracts	-	(375)	9,779	40,000	750	31,900	-	-	36,464
Repairs and maintenance	-	299,829	244,080	-	305	-	12,000	18,266	17,955
Travel	-	20,035	27,308	15,000	5,673	4,138	71,000	152,966	180,294
Insurance	-	89,853	6,926	-	-	-	9,000	41,787	2,926
Interest on long term debt	-	50,183	45,293	-	-	-	80,000	50,882	70,976
Other expenses	-	43,782	51,015	25,500	174,018	(1,977)	483,200	549,565	589,681
<b>Total expenses</b>	-	<b>882,456</b>	<b>776,245</b>	<b>733,609</b>	<b>1,016,686</b>	<b>676,022</b>	<b>1,139,435</b>	<b>1,776,975</b>	<b>1,703,693</b>
<b>Annual surplus (deficit)</b>	-	<b>464,358</b>	<b>(78,208)</b>	<b>148,521</b>	<b>68,508</b>	<b>161,803</b>	<b>752,987</b>	<b>919,186</b>	<b>889,350</b>

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 20. Segmented information, continued

	Community Services			Public Works		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>						
AANDC - Block	-	-	-	960,385	445,658	1,595,730
Saskatoon Tribal Council	291,000	310,304	200,484	-	-	-
Other revenue	382,500	389,267	513,889	-	209,355	-
<b>Total revenue</b>	<b>673,500</b>	<b>699,571</b>	<b>714,373</b>	<b>960,385</b>	<b>655,013</b>	<b>1,595,730</b>
<b>Expenses</b>						
Wages and benefits	364,001	352,073	348,401	378,316	343,427	290,520
Program expenses	467,956	240,689	245,788	106,298	73,263	106,078
Contracts	-	-	17,870	180,000	9,362	71,177
Repairs and maintenance	-	16,852	3,245	148,000	337,957	113,193
Travel	28,000	33,395	60,537	148,000	104,430	79,323
Insurance	-	3,568	-	175,000	19,294	127,952
Interest on long term debt	-	-	-	-	4,369	-
Other expenses	18,600	34,695	31,839	71,744	111,421	121,783
<b>Total expenses</b>	<b>878,557</b>	<b>681,272</b>	<b>707,680</b>	<b>1,207,358</b>	<b>1,003,523</b>	<b>910,026</b>
<b>Annual surplus (deficit)</b>	<b>(205,057)</b>	<b>18,299</b>	<b>6,693</b>	<b>(246,973)</b>	<b>(348,510)</b>	<b>685,704</b>

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 20. Segmented information, continued

	2015 Budget	Amortization		Consolidated totals		
		2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>						
AANDC - Block	-	-	-	5,472,597	5,498,703	6,922,981
Health Canada	-	-	-	113,346	120,762	81,582
CMHC	-	-	-	-	114,432	112,114
Saskatoon Tribal Council	-	-	-	1,958,098	1,751,620	1,582,227
Equity income (loss) of business enterprises	-	-	-	-	880,990	359,521
Other revenue	-	-	-	1,578,697	3,034,592	2,645,611
<b>Total revenue</b>	-	-	-	9,122,738	11,401,099	11,704,036
<b>Expenses</b>						
Wages and benefits	-	-	-	3,329,281	3,957,029	3,954,651
Amortization	1,287,271	1,287,271	1,108,543	1,287,271	1,287,271	1,108,543
Program expenses	-	-	-	3,377,108	3,202,221	3,447,412
Contracts	-	-	-	238,750	49,044	222,058
Repairs and maintenance	-	-	-	206,000	827,237	466,114
Travel	-	-	-	391,800	420,746	460,311
Insurance	-	-	-	205,732	185,094	146,600
Interest on long term debt	-	-	-	80,000	107,390	116,269
Other expenses	-	-	-	832,236	1,309,739	1,078,123
<b>Total expenses</b>	1,287,271	1,287,271	1,108,543	9,948,178	11,345,771	11,000,081
<b>Annual surplus (deficit)</b>	(1,287,271)	(1,287,271)	(1,108,543)	(825,440)	55,328	703,955

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## **Muskeg Lake Cree Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2015**

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#### **21. Financial Instruments**

The First Nation's financial instruments consist of cash, accounts receivable, band member receivables, portfolio investments, investments in government business organizations, bank indebtedness, accounts payable, and long-term debt. Unless otherwise noted, the carrying value of its financial instruments approximates fair value.

It is management's opinion that the First Nation is not exposed to significant currency risks from its financial instruments. The First Nation is exposed to credit risk with respect to band member receivables and trade and other receivables. Credit risk arises from the possibility that band members and other entities may be unable to fulfill their obligations. The large number of members and other entities together with the credit worthiness of government funding minimizes credit risk. The First Nation also has liquidity risk in respect of its accounts payable and current portions of long-term debt. The First Nation minimizes this risk by monitoring cash flows and the terms and conditions negotiated with trade creditors and lenders. The First Nation is subject to interest rate risk arising primarily from fluctuations in rates on lines of credit and long term debt.