

**Muskeg Lake Cree Nation**  
**Consolidated Financial Statements**  
**March 31, 2016**

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

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# Muskeg Lake Cree Nation

## Management's Responsibility for Financial Reporting

March 31, 2016

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 Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

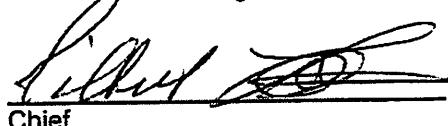
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The 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.

The 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:



Chief

July 20, 2016  
Date

Controller

July 20, 2016  
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, 2016, 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, 2016, 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 25, 2016**

*Crowe MacKay LLP*  
**Chartered Professional Accountants**

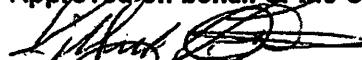
# Muskeg Lake Cree Nation

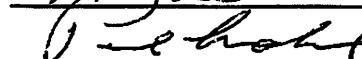
## Consolidated Statement of Financial Position

March 31	2016	2015
<b>Financial Assets</b>		
<hr/>		
Cash (Note 2)	\$ 670,452	\$ 495,921
Accounts receivable (Note 3)	769,222	952,511
Band member receivables (Note 4)	89,107	80,459
Portfolio investments (Note 5)	73,622	73,622
Investments in government business organizations (Note 6)	3,507,636	2,769,736
	<hr/>	<hr/>
	5,110,039	4,372,249
<b>Liabilities</b>		
<hr/>		
Bank indebtedness (Note 7)	510,010	802,168
Accounts payable (Note 8)	1,571,407	1,510,782
Reserves (Note 9)	374,135	349,691
Deferred revenue (Note 10)	380,527	144,890
Long-term debt (Note 11)	3,701,442	4,019,533
	<hr/>	<hr/>
	6,537,521	6,827,064
<b>Net debt</b>	<b>(1,427,482)</b>	<b>(2,454,815)</b>
<b>Non-financial Assets</b>		
<hr/>		
Capital assets (Note 12)	14,221,181	14,770,535
Prepaid expenses	79,131	66,564
	<hr/>	<hr/>
	14,300,312	14,837,099
<b>Accumulated Surplus (Note 13)</b>	<b>\$ 12,872,830</b>	<b>\$ 12,382,284</b>

Contingent liabilities (Note 16)

Approved on behalf of the Council

, Chief

, Councilor

## Muskeg Lake Cree Nation

### Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2016 Budget	2016 Actual	2015 Actual
<b>Revenue</b>			
Federal Government:			
Indigenous and Northern Affairs Canada	\$ 5,252,584	\$ 5,566,246	\$ 5,498,703
Health Canada	117,519	159,860	120,762
CMHC	140,734	138,979	114,432
Saskatoon Tribal Council	1,546,323	1,535,682	1,751,619
Other	3,083,152	3,030,088	3,035,593
Income from government business enterprises	-	937,900	880,990
	<b>10,140,312</b>	<b>11,368,755</b>	<b>11,402,099</b>
<b>Expenses (Note 14)</b>			
Education	3,077,637	3,855,400	3,209,681
Health	817,005	729,847	822,005
Economic Development	572,331	734,908	666,861
Housing	509,991	687,579	882,456
Social Services	746,131	896,450	1,016,686
Band Government	975,232	1,671,385	1,777,015
Community Services	609,016	686,326	681,272
Public Works	872,124	830,432	1,003,523
Amortization	785,882	785,882	1,287,271
	<b>8,965,349</b>	<b>10,878,209</b>	<b>11,346,770</b>
<b>Excess of revenue over expenses</b>	<b>1,174,963</b>	<b>490,546</b>	<b>55,329</b>
<b>Accumulated surplus, beginning of year</b>	<b>12,382,284</b>	<b>12,382,284</b>	<b>12,326,955</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 13,557,247</b>	<b>\$ 12,872,830</b>	<b>\$ 12,382,284</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>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
<b>Excess of revenue over expenses</b>	<b>\$ 1,174,963</b>	<b>\$ 490,546</b>	<b>\$ 55,329</b>
Acquisition of tangible capital assets	-	(236,528)	(524,010)
<u>Amortization of tangible capital assets</u>	<u>785,882</u>	<u>785,882</u>	<u>1,287,270</u>
	<b>785,882</b>	<b>549,354</b>	<b>763,260</b>
<u>Acquisition of prepaid asset</u>	<u>-</u>	<u>(12,567)</u>	<u>(55,274)</u>
<b>Increase in net financial assets</b>	<b>1,960,845</b>	<b>1,027,333</b>	<b>763,315</b>
<b>Net debt, beginning of year</b>	<b>(2,454,815)</b>	<b>(2,454,815)</b>	<b>(3,218,130)</b>
<b>Net debt, end of year</b>	<b>\$ (493,970)</b>	<b>\$ (1,427,482)</b>	<b>\$ (2,454,815)</b>

**Muskeg Lake Cree Nation**

**Consolidated Statement of Cash Flow**

<b>For the year ended March 31</b>	<b>2016</b>	<b>2015</b>
<b>Cash flows from</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	\$ 490,546	\$ 55,329
Items not affecting cash		
Amortization	785,882	1,287,270
Income from government business enterprises	(937,900)	(880,990)
	338,528	461,609
Change in non-cash operating working capital		
Accounts receivable	183,289	(1,159)
Prepaid expenses	(12,567)	(55,274)
Accounts payable	60,626	2,357
Deferred revenue	235,637	19,890
Band member receivables	(8,648)	(30,544)
Reserves	24,442	33,153
	821,307	430,032
<b>Capital activities</b>		
Purchase of capital assets	(236,528)	(524,010)
<b>Financing activities</b>		
Advance (repayment) of operating loans	(187,387)	(69,728)
Advances on long term debt	100,000	1,172,761
Repayment of long term debt	(522,861)	(1,077,784)
Dividend	200,000	-
	(410,248)	25,249
<b>Increase (decrease) in cash and cash equivalents</b>	<b>174,531</b>	<b>(68,729)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>495,921</b>	<b>564,650</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 670,452</b>	<b>\$ 495,921</b>

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# **Muskeg Lake Cree Nation**

## **Notes to Consolidated Financial Statements**

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**March 31, 2016**

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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, 2016

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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.

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2016

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

#### (g) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

### 2. Cash

	2016	2015
Externally restricted		
Capital projects	\$ 144,527	\$ 44,890
Replacement reserves	196,842	107,357
	<hr/> <u>341,369</u>	<hr/> <u>152,247</u>
Unrestricted		
Operations	329,083	343,674
	<hr/> <u>\$ 670,452</u>	<hr/> <u>\$ 495,921</u>

### 3. Accounts receivable

	2016	2015
Indigenous and Northern Affairs Canada	\$ 176,875	\$ 100,000
Canada Mortgage and Housing Corporation	3,050	-
Saskatoon Tribal Council	141,730	281,200
Other	205,049	399,874
Taxation	242,518	171,437
	<hr/> <u>\$ 769,222</u>	<hr/> <u>\$ 952,511</u>

### 4. Band member receivables

	2016	2015
Member advances	\$ 498,916	\$ 490,268
Allowance for uncollectible amounts	(409,809)	(409,809)
	<hr/> <u>\$ 89,107</u>	<hr/> <u>\$ 80,459</u>

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

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**Muskeg Lake Cree Nation**

**Notes to Consolidated Financial Statements**

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**March 31, 2016**

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**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, 2016

### 6. Investment in Government Business Enterprises

	Aspen Developments Inc.	Muskeg Lake Economic Development LP	2016 Total	2015 Total
Cash	\$ 142,051	\$ 2,006,870	\$ 2,148,921	\$ 1,854,633
Accounts receivable	390,515	541,123	931,638	930,161
Inventory	-	448,106	448,106	371,078
Prepays	-	55,317	55,317	29,764
Investments	-	940,483	940,483	976,305
Tangible capital assets	798,848	8,086,527	8,885,375	7,591,969
Other assets	130,837	98,254	229,091	192,592
<b>Total assets</b>	<b>\$ 1,462,251</b>	<b>\$ 12,176,680</b>	<b>\$ 13,638,931</b>	<b>\$ 11,946,502</b>

Accounts payable	\$ 210,187	\$ 940,993	\$ 1,151,180	\$ 1,106,716
Long-term debt	-	8,980,115	8,980,115	8,070,050
Due to related parties	1,959,310	(1,959,310)	-	-
<b>Total liabilities</b>	<b>2,169,497</b>	<b>7,961,798</b>	<b>10,131,295</b>	<b>9,176,766</b>
<b>Equity</b>	<b>(707,246)</b>	<b>4,214,882</b>	<b>3,507,636</b>	<b>2,769,736</b>
<b>Total liabilities and equity</b>	<b>\$ 1,462,251</b>	<b>\$ 12,176,680</b>	<b>\$ 13,638,931</b>	<b>\$ 11,946,502</b>

	Aspen Developments Inc.	Muskeg Lake Economic Development LP	2016 Total	2015 Total
Revenue	\$ 404,863	\$ 20,650,763	\$ 21,055,626	\$ 21,997,556
Amortization	42,053	529,695	571,748	507,609
Cost of sales	-	14,831,165	14,831,165	16,042,268
General and administration	165,736	3,874,077	4,039,813	3,678,872
<b>Total expenses</b>	<b>207,789</b>	<b>19,234,937</b>	<b>19,442,726</b>	<b>20,228,749</b>
<b>Net income</b>	<b>\$ 197,074</b>	<b>\$ 1,415,826</b>	<b>\$ 1,612,900</b>	<b>\$ 1,768,807</b>

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 6. Investment in Government Business Enterprises, continued

	2016	2015
Cash distributions during the year:		
Apen Developments Inc.		
Dividends	\$ 200,000	\$ -
Muskeg Lake Economic Development LP		
Distributions	600,000	600,000
Christmas distribution	75,000	72,610
	<hr/> <b>\$ 875,000</b>	<hr/> <b>\$ 672,610</b>

	2016	2015
Payments made by Muskeg Lake Economic Development LP on behalf of the Nation:		
Mortgage payments on debt assumed on the Elders Care Home	\$ 361,131	\$ 361,131
Overhead cost share of Saskatoon office	43,562	-
	<hr/> <b>\$ 404,693</b>	<hr/> <b>\$ 361,131</b>

### 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 \$510,010 (2015: \$802,168).

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

	2016	2015
Operating line of credit	\$ 294,950	\$ 274,458
Cheques issued in excess of funds on deposit	215,060	66,176
Construction line of credit	-	61,534
Operating loan	-	400,000
	<hr/> <b>\$ 510,010</b>	<hr/> <b>\$ 802,168</b>

### 8. Accounts payable

	2016	2015
Trade	\$ 664,696	\$ 746,014
Accrued salaries and employee benefits	123,639	129,154
Off-reserve tuition fees	783,072	635,614
	<hr/> <b>\$ 1,571,407</b>	<hr/> <b>\$ 1,510,782</b>

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 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, 2016 the amount in the Replacement Reserve account was underfunded by \$177,291 (2015 - \$242,335).

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

### 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.

	2016	2015
Indigenous and Northern Affairs Canada	\$ 154,527	\$ 144,890
Health Canada	36,000	-
Other	190,000	-
	<b>\$ 380,527</b>	<b>\$ 144,890</b>

### 11. Long-term debt

	2016	2015
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.	\$ 24,949	\$ 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 Indigenous and Northern Affairs Canada and a first mortgage on housing units.	17,409	25,174
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 Indigenous and Northern Affairs Canada and a first mortgage on housing units.	16,211	21,260

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

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**March 31, 2016**

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

	2016 \$	2015 \$
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 Indigenous and Northern Affairs Canada and a first mortgage on housing units.	120,132	130,501
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 Indigenous and Northern Affairs Canada and a first mortgage on housing units.	139,159	149,659
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 Indigenous and Northern Affairs Canada and a first mortgage on housing units.	151,465	161,412
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 Indigenous and Northern Affairs Canada and a first mortgage on housing units.	201,606	217,591
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 Indigenous and Northern Affairs Canada and a first mortgage on housing units.	240,548	251,605
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 Indigenous and Northern Affairs Canada and a first mortgage on housing units.	737,331	766,601
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 Indigenous and Northern Affairs Canada and a first mortgage on housing units.	598,134	624,299
Government of Canada recovery on a contribution agreement for the Elders Care Home with repayment terms of \$7,500 per month without interest commencing September 1, 2014. Payments to be withheld from current funding agreements.	607,500	697,500

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

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**March 31, 2016**

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

	2016 \$	2015 \$
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.	12,473	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.	12,551	14,949
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.	821,974	909,361
	<b>\$ 3,701,442</b>	<b>\$ 4,019,533</b>

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

2017	\$ 427,116
2018	455,068
2019	432,560
2020	316,093
2021 and thereafter	2,070,605
	<b>\$ 3,701,442</b>

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# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 12. Tangible Capital Assets

	Balance, beginning of year	Cost			Accumulated amortization			2016 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	14,961,417	119,584	-	15,081,001	4,795,271	432,623	5,227,894	9,853,107
Automotive equipment	1,428,522	74,500	-	1,503,022	1,170,546	59,045	1,229,591	273,431
Computer equipment	442,548	42,444	-	484,992	362,259	32,913	395,172	89,820
Office furniture and equipment	1,494,295	-	-	1,494,295	1,334,749	99,365	1,434,114	60,181
Band Houses	8,684,754	-	-	8,684,754	7,513,471	58,565	7,572,036	1,112,718
CMHC Houses	4,024,663	-	-	4,024,663	1,093,868	103,371	1,197,239	2,827,424
	<b>\$ 31,040,699</b>	<b>\$ 236,528</b>	<b>\$ -</b>	<b>\$ 31,277,227</b>	<b>\$ 16,270,164</b>	<b>\$ 785,882</b>	<b>\$ 17,056,046</b>	<b>\$ 14,221,181</b>

	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	15,819,271	(101,909)	(755,945)	14,961,417	4,351,616	443,655	4,795,271	10,166,146
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
	<b>\$ 30,516,683</b>	<b>\$ 1,279,961</b>	<b>\$ (755,945)</b>	<b>\$ 31,040,699</b>	<b>\$ 14,982,888</b>	<b>\$ 1,287,276</b>	<b>\$ 16,270,164</b>	<b>\$ 14,770,535</b>

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 13. Accumulated Surplus

	Operating Fund	Capital Assets	Investment Fund	2016 Total	2015 Total
Balance, opening	\$ (2,047,815)	\$ 11,660,363	\$ 2,769,736	\$ 12,382,284	\$ 12,326,955
Excess of revenue over expenses	(336,472)	(785,882)	1,612,900	490,546	55,329
Distributions from business entities	875,000	-	(875,000)	-	-
Capital assets purchased	(236,529)	236,529	-	-	-
Long term debt repaid	(230,704)	230,704	-	-	-
<b>Balance, closing</b>	<b>\$ (1,976,520)</b>	<b>\$ 11,341,714</b>	<b>\$ 3,507,636</b>	<b>\$ 12,872,830</b>	<b>\$ 12,382,284</b>

### 14. Expenses

For the year ended March 31	2016 Budget	2016 Actual	2015 Actual
<b>Expenses</b>			
Amortization	\$ 785,882	\$ 785,882	\$ 1,287,271
Bank charges	900	29,438	49,672
Contracts	114,345	18,700	18,319
Emergency assistance	100,000	57,505	66,403
Funding reductions and adjustments	-	239,695	-
Insurance	175,639	187,527	185,093
Interest on long term debt	46,000	94,592	107,389
Leases	20,196	38,229	34,879
Materials and supplies	715,953	519,186	578,313
Office	19,888	50,510	73,943
Professional development	4,410	35,136	30,007
Professional fees	400,828	439,779	853,184
Program expenses	2,104,835	3,387,980	2,578,622
Repairs and maintenance	498,600	654,590	1,003,555
Telephone	49,560	80,490	75,555
Travel and meetings	213,653	232,043	286,222
Utilities	130,750	160,715	161,315
Wages and benefits	3,583,910	3,866,212	3,957,028
	<b>\$ 8,965,349</b>	<b>\$ 10,878,209</b>	<b>\$ 11,346,770</b>

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## Muskeg Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2016

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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:

	2016	2015
Capital funds held in trust	\$ 468	\$ 468
Revenue funds held in trust	31	26
	<hr/> \$ 499	<hr/> \$ 494

#### 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.
- d) The Nation has provided loan guarantees for mortgages owing by the Muskeg Lake Economic Development Limited Partnership group.

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

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**March 31, 2016**

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**17. Comparative Amounts**

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

**18. Budget Information**

The unaudited budget data in these financial statements is based upon the 2016 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 Indigenous and Northern Affairs Canada.

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 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:

	2016 Budget	Education 2016 Actual	2015 Actual	2016 Budget	Health 2016 Actual	2015 Actual	2016 Budget	Economic Development 2016 Actual	2015 Actual
<b>Revenues</b>									
INAC	2,675,278	2,697,714	2,725,029	-	-	-	249,533	249,533	299,752
Health Canada	-	-	-	117,519	159,860	120,762	-	-	-
Saskatoon Tribal Council	403,335	401,873	422,077	647,000	648,498	648,493	-	-	-
Other revenue	315,000	532,381	148,375	-	3,510	1,434	546,502	638,343	553,424
<b>Total revenue</b>	<b>3,393,613</b>	<b>3,631,968</b>	<b>3,295,481</b>	<b>764,519</b>	<b>811,868</b>	<b>770,689</b>	<b>796,035</b>	<b>887,876</b>	<b>853,176</b>
<b>Expenses</b>									
Wages and benefits	626,798	916,580	865,415	463,006	417,069	483,011	304,641	300,869	282,963
Program expenses	2,017,209	2,581,954	1,970,361	79,000	96,626	85,837	79,604	190,845	81,019
Contracts	-	8,150	2,383	-	-	200	5,000	-	6,000
Repairs and maintenance	133,160	118,070	139,321	57,200	41,076	52,396	16,080	48,176	19,673
Travel and meetings	26,400	26,778	35,001	29,000	18,482	10,918	16,173	9,462	26,614
Insurance	19,659	18,677	21,005	5,400	2,987	7,802	480	472	1,785
Interest on long term debt	-	-	-	-	-	1,956	-	-	-
Other expenses	254,412	185,191	176,195	183,399	153,607	179,885	150,353	185,084	248,807
<b>Total expenses</b>	<b>3,077,638</b>	<b>3,855,400</b>	<b>3,209,681</b>	<b>817,005</b>	<b>729,847</b>	<b>822,005</b>	<b>572,331</b>	<b>734,908</b>	<b>666,861</b>
<b>Annual surplus (deficit)</b>	<b>315,975</b>	<b>(223,432)</b>	<b>85,800</b>	<b>(52,486)</b>	<b>82,021</b>	<b>(51,316)</b>	<b>223,704</b>	<b>152,968</b>	<b>186,315</b>

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 20. Segmented information, continued

	2016 Budget	Housing 2016 Actual	2015 Actual	2016 Budget	Social Services 2016 Actual	2015 Actual	2016 Budget	Band Government 2016 Actual	2015 Actual
<b>Revenues</b>									
INAC - Block	546,129	546,129	548,789	797,846	788,546	823,923	562,375	736,375	655,552
CMHC	140,734	138,979	114,432	-	-	-	-	-	-
Saskatoon Tribal Council	-	-	-	126,162	115,163	248,996	117,934	111,257	121,750
Equity income (loss) of business enterprises	-	-	-	-	-	-	-	937,900	880,990
Other revenue	96,300	160,879	683,593	-	100	12,275	1,752,850	1,032,862	1,037,869
<b>Total revenue</b>	<b>783,163</b>	<b>845,987</b>	<b>1,346,814</b>	<b>924,008</b>	<b>903,809</b>	<b>1,085,194</b>	<b>2,433,159</b>	<b>2,818,394</b>	<b>2,696,161</b>
<b>Expenses</b>									
Wages and benefits	104,755	269,211	242,547	171,387	163,138	176,578	1,180,052	1,105,583	1,211,014
Program expenses	91,416	72,265	118,937	437,241	636,163	548,631	(749,215)	(384,745)	(400,509)
Contracts	70,000	-	(375)	-	-	750	-	-	-
Repairs and maintenance	120,000	165,058	303,846	-	14,143	2,019	1,920	22,137	56,071
Travel and meetings	2,400	9,210	13,568	-	3,602	3,959	108,000	107,035	144,136
Insurance	100,000	79,787	89,853	-	2,333	-	-	50,606	41,787
Interest on long term debt	-	48,215	50,183	-	-	-	46,000	46,377	50,882
Other expenses	21,420	43,833	63,897	137,503	77,071	284,749	388,475	724,392	673,634
<b>Total expenses</b>	<b>509,991</b>	<b>687,579</b>	<b>882,456</b>	<b>746,131</b>	<b>896,450</b>	<b>1,016,686</b>	<b>975,232</b>	<b>1,671,385</b>	<b>1,777,015</b>
<b>Annual surplus (deficit)</b>	<b>273,172</b>	<b>158,408</b>	<b>464,358</b>	<b>177,877</b>	<b>7,359</b>	<b>68,508</b>	<b>1,457,927</b>	<b>1,147,009</b>	<b>919,146</b>

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 20. Segmented information, continued

	Community Services			Public Works		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
<b>Revenues</b>						
INAC - Block	-	-	-	421,423	547,949	445,658
Saskatoon Tribal Council	251,892	258,892	310,304	-	-	-
Other revenue	372,500	496,558	389,267	-	165,454	209,355
<b>Total revenue</b>	<b>624,392</b>	<b>755,450</b>	<b>699,571</b>	<b>421,423</b>	<b>713,403</b>	<b>655,013</b>
<b>Expenses</b>						
Wages and benefits	352,258	328,704	352,073	381,013	365,058	343,427
Program expenses	107,439	164,449	127,141	42,142	30,422	47,204
Contracts	-	-	-	39,345	10,550	9,362
Repairs and maintenance	6,240	14,452	25,971	164,000	231,478	404,259
Travel and meetings	8,800	38,379	25,298	22,880	19,094	26,728
Insurance	600	3,273	3,568	49,500	29,392	19,294
Interest on long term debt	-	-	-	-	-	4,369
Other expenses	133,679	137,069	147,221	173,244	144,438	148,880
<b>Total expenses</b>	<b>609,016</b>	<b>686,326</b>	<b>681,272</b>	<b>872,124</b>	<b>830,432</b>	<b>1,003,523</b>
<b>Annual surplus (deficit)</b>	<b>15,376</b>	<b>69,124</b>	<b>18,299</b>	<b>(450,701)</b>	<b>(117,029)</b>	<b>(348,510)</b>

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 20. Segmented information, continued

	2016 Budget	Amortization 2016 Actual	2015 Actual	Consolidated totals		
				2016 Budget	2016 Actual	2015 Actual
<b>Revenues</b>						
INAC - Block	-	-	-	5,252,584	5,566,246	5,498,703
Health Canada	-	-	-	117,519	159,860	120,762
CMHC	-	-	-	140,734	138,979	114,432
Saskatoon Tribal Council	-	-	-	1,546,323	1,535,683	1,751,620
Equity income (loss) of business enterprises	-	-	-	-	937,900	880,990
Other revenue	-	-	-	3,083,152	3,030,087	3,035,592
<b>Total revenue</b>	-	-	-	10,140,312	11,368,755	11,402,099
<b>Expenses</b>						
Wages and benefits	-	-	-	3,583,910	3,866,212	3,957,028
Amortization	785,882	785,882	1,287,271	785,882	785,882	1,287,271
Program expenses	-	-	-	2,104,836	3,387,979	2,578,621
Contracts	-	-	-	114,345	18,700	18,320
Repairs and maintenance	-	-	-	498,600	654,590	1,003,556
Travel and meetings	-	-	-	213,653	232,042	286,222
Insurance	-	-	-	175,639	187,527	185,094
Interest on long term debt	-	-	-	46,000	94,592	107,390
Other expenses	-	-	-	1,442,485	1,650,685	1,923,268
<b>Total expenses</b>	785,882	785,882	1,287,271	8,965,350	10,878,209	11,346,770
<b>Annual surplus (deficit)</b>	(785,882)	(785,882)	(1,287,271)	1,174,962	490,546	55,329

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## **Muskeg Lake Cree Nation**

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

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**March 31, 2016**

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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.