

Muskeg Lake Cree Nation
Consolidated Financial Statements
March 31, 2020

Muskeg Lake Cree Nation

Management's Responsibility for Financial Reporting

March 31, 2020

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.

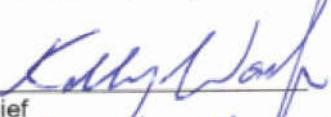
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

Controller

Oct 21, 2020
Date
Oct 21, 2020
Date

Independent Auditors' Report

To the Members of Muskeg Lake Cree Nation

Opinion

We have audited the consolidated financial statements of Muskeg Lake Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, change in net financial assets 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 consolidated financial position of the First Nation as at March 31, 2020, and the results of its consolidated operations, its changes in its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Matter

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of First Nation taken as a whole. The supplementary information included on the schedules on pages 32 - 123 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditors' Report (continued)

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

- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First 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 First 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 auditors' 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 auditors' report. However, future events or conditions may cause the First 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.

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.

Edmonton, Canada
October 21, 2020

Crowe Mackay LLP
Chartered Professional Accountants

Muskeg Lake Cree Nation**Consolidated Statement of Financial Position**

March 31	2020	2019
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Financial Assets

Cash (Note 3)	\$ 5,027,916	\$ 2,095,601
Accounts receivable (Note 4)	1,409,851	1,303,985
Band member receivable (Note 5)	-	77,873
Portfolio investments (Note 6)	73,622	73,622
Investments in MLCN government business enterprises (Note 7)	8,675,100	6,985,484
	15,186,489	10,536,565

Liabilities

Bank indebtedness (Note 8)	-	539,373
Accounts payable (Note 9)	3,001,114	2,429,328
Deferred revenue (Note 11)	7,020,454	3,066,319
Long-term debt (Note 12)	3,183,249	2,902,204
	13,204,817	8,937,224

Net financial assets	1,981,672	1,599,341
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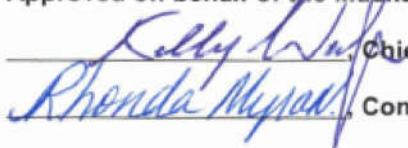
Non-financial Assets

Capital assets (Note 13)	16,018,581	14,118,026
Prepaid expenses	80,392	76,384
	16,098,973	14,194,410

Accumulated Surplus (Note 14)	\$ 18,080,645	\$ 15,793,751
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Contingent liabilities (Note 18)

Approved on behalf of the Muskeg Lake Cree Nation


Kelly L. Waple, Chief

Rhonda Mychal, Controller

Muskeg Lake Cree Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2020 Budget	2020 Actual	2019 Actual
Revenue			
Federal Government:			
Indigenous Services Canada	\$ 6,232,450	\$ 9,454,098	\$ 6,933,927
ISC funding clawed back	-	(33,356)	(20,794)
ISC - Health Canada	365,218	654,475	756,418
CMHC	480,586	241,720	269,720
Saskatoon Tribal Council	2,520,408	2,383,241	1,465,983
Other (Note 15)	2,120,490	2,542,701	2,774,693
Equity income from MLCN government business enterprises	-	1,565,526	1,695,781
	11,719,152	16,808,405	13,875,728
Expenses (Note 16)			
Education	3,639,177	4,128,326	4,074,709
Health	1,339,359	1,432,390	971,498
Economic Development	784,788	680,837	685,340
Housing	1,122,464	1,168,571	1,075,833
Social Services	1,570,588	1,410,340	905,599
Band Government	1,891,587	2,516,463	2,684,672
Community Services	144,000	225,365	555,429
Public Works	889,595	1,329,310	1,098,642
Amortization	-	1,629,909	775,947
	11,381,558	14,521,511	12,827,669
Excess of revenue over expenses	337,594	2,286,894	1,048,059
Accumulated surplus, beginning of year	15,793,751	15,793,751	14,745,692
Accumulated surplus, end of year	\$ 16,131,345	\$ 18,080,645	\$ 15,793,751

Muskeg Lake Cree Nation**Consolidated Statement of Change in Net Financial Assets**

For the year ended March 31	2020 Budget	2020 Actual	2019 Actual
Excess of revenue over expenses	\$ 337,594	\$ 2,286,894	\$ 1,048,059
Acquisition of tangible capital assets	-	(3,533,773)	(1,044,499)
Amortization of tangible capital assets	-	1,629,909	775,947
Gain on disposal of capital assets	-	(4,698)	-
Proceeds on disposal of capital assets	-	8,007	-
	-	(1,900,555)	(268,552)
Use of prepaid asset	-	(4,008)	24,626
Increase in net financial assets	333,586	382,331	804,133
Net financial assets, beginning of year	1,599,341	1,599,341	795,208
Net financial assets, end of year	\$ 1,932,927	\$ 1,981,672	\$ 1,599,341

Muskeg Lake Cree Nation

Consolidated Statement of Cash Flow

For the year ended March 31	2020	2019
Cash flows from		
Operating activities		
Excess of revenue over expenses	\$ 2,286,894	\$ 1,048,059
Items not affecting cash		
Amortization	1,629,909	775,947
Income from government business enterprises	(1,565,526)	(1,695,781)
	2,351,277	128,225
Change in non-cash operating working capital		
Accounts receivable	(105,866)	3,008
Prepaid expenses	(4,008)	24,626
Accounts payable	571,781	176,519
Deferred revenue	3,954,135	1,781,368
Band member receivables	650	2,519
Allowance for doubtful accounts	77,223	-
	6,845,192	2,116,265
Capital activities		
Purchase of capital assets	(3,533,773)	(1,044,499)
Proceeds on disposal of capital assets	8,007	-
	(3,525,766)	(1,044,499)
Financing activities		
Repayment of operating loans	(425,176)	(280,635)
Repayment of bank indebtedness	(539,373)	(269,333)
Advances on long term debt	547,894	269,307
Due from/to related parties	29,544	75,087
	(387,111)	(205,574)
Increase in cash and cash equivalents	2,932,315	866,192
Cash and cash equivalents, beginning of year	2,095,601	1,229,409
Cash and cash equivalents, end of year	\$ 5,027,916	\$ 2,095,601

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

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 Chartered Professional Accountants of Canada.

(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
3. MLCN Community Store Ltd.

(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.

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

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

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, including recognized interest in reserve lands and natural resources, as well as 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, 2020

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

(g) Use of estimates and COVID-19 measurement uncertainty

In preparing these financial statements, management made estimates and judgments including consideration for the uncertainties and economic implications of the COVID-19 pandemic on the First Nation's operations, financial performance and financial position for the year ended March 31, 2020. The uncertainty surrounding the COVID-19 pandemic could generate, in future reporting periods, a significant risk of material adjustment to the carrying amounts in the financial statements. Estimates not associated with the COVID-19 pandemic are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

At the date of publication of these financial statements, it is not possible to reliably estimate the length and severity of the COVID-19 pandemic developments and its potential impact on the First Nation's financial results, conditions and cash flows.

2. COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of approval of these financial statements, in response to the COVID-19 pandemic:

- Facilities remain temporarily closed to public access.
- The Nation has pursued available government assistance programs.
- The Nation has implemented remote work arrangements for those able to do so.
- The Nation has implemented stringent health and safety procedures.
- The management of the Nation has been proactive and diligent in addressing the implementation of infection prevention and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic and the related economic contraction on the Nation.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the First Nations activities, results of operations and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these developments and the impact on the financial results and condition on the First Nation and its operations in future periods.

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

3. Cash

	2020	2019
Externally restricted		
Capital projects	\$ 117,531	\$ 117,690
Replacement reserves	<u>587,421</u>	497,841
	<u>704,952</u>	615,531
Internally restricted		
Elders activities	<u>29,836</u>	39,135
Unrestricted		
Operations	<u>4,293,128</u>	1,440,935
	<u>\$ 5,027,916</u>	\$ 2,095,601

4. Accounts receivable

	2020	2019
Indigenous Services Canada	\$ 204,646	\$ 21,667
Canada Mortgage and Housing Corporation	14,630	12,668
Saskatoon Tribal Council	461,982	542,184
Other	588,483	603,090
Taxation	102,099	89,610
Government Remittances	<u>38,011</u>	34,766
	<u>\$ 1,409,851</u>	\$ 1,303,985

5. Band member receivables

	2020	2019
Member advances	\$ 487,032	\$ 487,682
Allowance for uncollectible amounts	<u>(487,032)</u>	(409,809)
	<u>\$ -</u>	\$ 77,873

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

6. 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, 2020

7. Investment in MLCN Government Business Enterprises

	Aspen Developments Inc.	Muskeg Lake Economic Development LP	MLCN Community Store Ltd.	2020 Total	2019 Total
Cash	\$ 381,785	\$ 4,982,741	\$ 31,862	\$ 5,396,388	\$ 4,524,097
Accounts receivable	293,009	684,632	41,798	1,019,439	1,239,812
Inventory	-	538,607	59,686	598,293	568,840
Prepays	-	69,972	2,365	72,337	81,148
Investments	-	34,900	-	34,900	30,414
Due from related parties	-	1,413,288	-	1,413,288	1,587,052
Tangible capital assets	650,647	24,722,803	110,521	25,483,971	14,389,801
Other assets	95,021	1,759,829	-	1,854,850	1,262,941
Total assets	\$ 1,420,462	\$ 34,206,772	\$ 246,232	\$ 35,873,466	\$ 23,684,105
Accounts payable	\$ 650,138	\$ 850,359	\$ 24,759	\$ 1,525,256	\$ 1,441,510
Long-term debt	-	25,010,903	248,386	25,259,289	14,741,101
Due to related parties	1,643,077	1,553,174	126,615	3,322,866	3,025,760
Deferred revenue	213,235	97,277	-	310,512	331,421
Total liabilities	2,506,450	27,511,713	399,760	30,417,923	19,539,792
Equity	(1,085,988)	6,695,059	(153,528)	5,455,543	4,144,313
Total liabilities and equity	\$ 1,420,462	\$ 34,206,772	\$ 246,232	\$ 35,873,466	\$ 23,684,105
	Aspen Developments Inc.	Muskeg Lake Economic Development LP	MLCN Community Store Ltd.	2020 Total	2019 Total
Revenue	\$ 492,376	\$ 22,957,248	\$ 582,768	\$ 24,032,392	\$ 23,685,747
Amortization	53,767	583,938	7,443	645,148	556,687
Cost of sales	-	16,721,309	494,161	17,215,470	17,835,775
General and administration	272,705	4,796,193	236,200	5,305,098	4,456,568
Other income	(19,522)	(1,162,303)	(17,595)	(1,199,420)	(1,577,572)
Total expenses	306,950	20,939,137	720,209	21,966,296	21,271,458
Net income	\$ 185,426	\$ 2,018,111	\$ (137,441)	\$ 2,066,096	\$ 2,414,289

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

7. Investment in Government Business Enterprises, continued

	2020	2019
Aspen Developments Inc. - equity	\$ (1,085,988)	\$ (1,171,414)
Muskeg Lake Economic Development LP - equity	6,695,059	5,315,727
MLCN Community Store Ltd. - equity	(153,528)	-
Related party receivables	3,219,557	2,841,171
 Total investment in Government Business Enterprises	 \$ 8,675,100	 \$ 6,985,484
	2020	2019
Distributions and payments made by Muskeg Lake Economic Development LP on behalf of the Nation:		
Mortgage payments on debt assumed on the Elders Care Home	\$ 343,667	\$ 343,667
Overhead cost share of Saskatoon office	-	16,856
Muskeg Lake Economic Development LP distributions	172,512	345,000
Christmas distribution	75,000	75,000
Education payment	47,600	47,625
Aspen Development Inc. dividends	100,000	136,965
 \$ 738,779	 \$ 965,113	

8. Bank indebtedness

The Nation has an operating line of credit in the amount of \$500,000 bearing interest at prime plus 3% (5.95%) with further overdrafts bearing interest at 25%. At the year end, the Nation was overdrawn by \$nil (2019: \$124,452).

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

	2020	2019
Operating line of credit	\$ -	\$ 124,452
Cheques issued in excess of funds on deposit	-	414,921
 \$ -	 \$ 539,373	

9. Accounts payable

	2020	2019
Trade	\$ 1,004,341	\$ 886,466
Accrued salaries and employee benefits	294,192	182,914
Off-reserve tuition fees	1,702,581	1,359,956
 \$ 3,001,114	 \$ 2,429,336	

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

10. 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, 2020 the amount in the Replacement Reserve account was overfunded by \$106,732 (2019 - overfunded by \$27,646).

11. 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.

	March 31, 2019	Funding received, 2020	Revenue recognized, 2020	March 31, 2020
Federal government				
Indigenous Services Canada	\$ 375,311	\$ 7,925,064	\$ (8,000,673)	\$ 299,702
ISC - Capital projects	905,286	5,786,496	(2,031,875)	4,659,907
ISC - Health Canada - Capital projects	79,455	27,170	(76,022)	30,603
	1,360,052	13,738,730	(10,108,570)	4,990,212
Other				
Saskatoon Tribal Council	1,416,048	2,824,721	(2,370,916)	1,869,853
Community Development Corporation	132,321	274,451	(246,383)	160,389
Other	157,898	57,572	(215,470)	-
	1,706,267	3,156,744	(2,832,769)	2,030,242
	\$ 3,066,319	\$ 16,895,474	\$ (12,941,339)	\$ 7,020,454

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

12. Long-term debt

	2020	2019
Canada Mortgage and Housing Corporation mortgage repaid in full during the year.	\$ -	\$ 452
Canada Mortgage and Housing Corporation mortgage with payments of \$1,059 per month including interest at 1.14% per annum, maturing March 1, 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	73,748	85,556
Canada Mortgage and Housing Corporation mortgage with payments of \$1,110 per month including interest at 2.41% per annum, maturing February 1, 2028, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	96,139	107,031
Canada Mortgage and Housing Corporation mortgage with payments of \$1,058 per month including interest at 1.69% per annum, maturing July 1, 2029, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	109,755	120,497
Canada Mortgage and Housing Corporation mortgage with payments of \$1,649 per month including interest at 1.97% per annum, maturing July 1, 2027, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	135,247	152,233
Canada Mortgage and Housing Corporation mortgage with payments of \$1,311 per month including interest at 1.67% per annum, maturing December 1, 2033, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	\$ 193,551	\$ 205,908
Canada Mortgage and Housing Corporation mortgage with payments of \$3,404 per month including interest at 1.01% per annum, maturing February 1, 2036, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	600,871	635,490
Canada Mortgage and Housing Corporation mortgage with payments of \$3,181 per month including interest at 1.73% per annum, maturing August 1, 2034, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	487,689	516,687

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

12. Long-term debt, continued

	2020	2019
Canada Mortgage and Housing Corporation mortgage with payments of \$2,085 per month including interest at 1.83% per annum, maturing December 1, 2034, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	323,871	-
Canada Mortgage and Housing Corporation mortgage with payments of \$1,804 per month including interest at 0.80% per annum, maturing May 1, 2035, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	240,305	-
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 and future funding agreements.	247,500	337,500
CAT140K Grader loan with payments of \$4,725 per month including interest at 4.49% per annum, maturing June 30, 2022, secured by a grader with net book value of \$318,142.	121,199	171,152
Operating loan repayable in quarterly instalments of \$10,014 including interest at 4.70% maturing April 2021, secured by a general security agreement.	58,475	93,736
Operating loan repaid in full during the year.	-	106,655
1919 Soldier Settlement Board Surrender IR 102 Claim. There is no specific period of repayment. The loan bears an interest rate of 0%.	494,899	369,307
	<hr/> 3,183,249	<hr/> 2,902,204

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

2021	\$ 344,329
2022	333,253
2023	252,439
2024	173,494
2025 and thereafter	2,079,734
	<hr/> \$ 3,183,249

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

13. Tangible Capital Assets

	Cost					Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Cost	beginning of year	Amortization	on disposals	Balance, end of year	2020 net book value
Land	\$ 4,500	\$ -	\$ -	\$ 4,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,500
Buildings and infrastructure	16,401,629	2,322,238	-	18,723,867	6,637,284	588,911	-	7,226,195	11,497,672	
Automotive equipment	1,998,510	103,687	(4,600)	2,097,597	1,344,684	343,486	(1,288)	1,686,882	410,715	
Computer equipment	587,535	-	-	587,535	462,961	52,196	-	515,157	72,378	
Office furniture and equipment	1,494,295	-	-	1,494,295	1,463,993	23,248	-	1,487,241	7,054	
Band Houses	8,684,754	586,886	-	9,271,640	7,730,737	448,910	-	8,179,647	1,091,993	
CMHC Houses	4,066,025	520,963	-	4,586,988	1,479,563	173,156	-	1,652,719	2,934,269	
	\$ 33,237,248	\$ 3,533,774	\$ (4,600)	\$ 36,766,422	\$ 19,119,222	\$ 1,629,907	\$ (1,288)	\$ 20,747,841	\$ 16,018,581	
	Cost					Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Cost	beginning of year	Amortization	on disposals	Balance, end of year	2019 Net book value
Land	\$ 4,500	\$ -	\$ -	\$ 4,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,500
Buildings and infrastructure	15,538,519	863,110	-	16,401,629	6,186,817	450,467	-	6,637,284	9,764,345	
Automotive equipment	1,911,672	86,838	-	1,998,510	1,192,082	152,602	-	1,344,684	653,826	
Computer equipment	510,426	77,109	-	587,535	439,978	22,983	-	462,961	124,574	
Office furniture and equipment	1,494,295	-	-	1,494,295	1,454,540	9,453	-	1,463,993	30,302	
Band Houses	8,684,754	-	-	8,684,754	7,680,526	50,211	-	7,730,737	954,017	
CMHC Houses	4,048,583	17,442	-	4,066,025	1,389,332	90,231	-	1,479,563	2,586,462	
	\$ 32,192,749	\$ 1,044,499	\$ -	\$ 33,237,248	\$ 18,343,275	\$ 775,947	\$ -	\$ 19,119,222	\$ 14,118,026	

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

14. Accumulated Surplus

	2020	2019
Operating fund	\$ (4,463,850)	\$ (3,448,769)
Capital assets	13,388,706	11,785,520
Investment fund	8,675,100	6,985,484
CMHC replacement reserve	480,689	471,516
	\$ 18,080,645	\$ 15,793,751

15. Other revenue

	2020	2019
Contributions from businesses	\$ 347,512	\$ 556,965
First Nations Trust	646,800	642,218
Grants, fundraising and sales	545,230	768,829
Rental and land lease revenue	296,194	280,340
Property taxes	247,910	241,807
Treaty Land Entitlement Trust	61,785	41,040
Community Development Corp	107,051	221,509
Deferred Revenue	290,219	21,985
	\$ 2,542,701	\$ 2,774,693

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

16. Expenses

For the year ended March 31	2020 Budget	2020 Actual	2019 Actual
Expenses			
Amortization	\$ -	\$ 1,629,909	\$ 775,947
Bad debt expense	-	103,807	48,240
Bank charges	12,300	9,070	19,470
Contracts	152,947	239,567	93,918
Emergency assistance	83,000	108,920	117,746
Insurance	223,293	333,747	262,171
Interest on long term debt	196,999	44,268	58,993
Leases	18,900	19,508	18,434
Materials and supplies	350,980	631,477	395,056
Office	46,981	112,518	85,799
Professional development	39,554	152,340	105,543
Professional fees	662,593	570,886	1,078,997
Program expenses	4,123,396	3,893,832	3,819,746
Repairs and maintenance	523,205	807,643	867,304
Telephone	79,479	113,346	108,884
Travel and meetings	401,263	598,705	575,339
Utilities	168,250	178,105	205,123
Wages and benefits	4,298,418	4,973,863	4,190,959
	<hr/>	<hr/>	<hr/>
	\$ 11,381,558	\$ 14,521,511	\$ 12,827,669

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

17. Federal 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 (Indigenous Services Canada) in trust for the use and benefit of the Muskeg Lake Cree Nation are as follows:

	2020	2019
Capital funds held in trust	\$ 468	\$ 468
Revenue funds held in trust	- 5	
	\$ 468	\$ 473

18. 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) 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.
- c) The Nation has provided loan guarantees for mortgages owing by the Muskeg Lake Economic Development Limited Partnership group.

19. Comparative Amounts

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

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

20. Budget Information

The unaudited budget data in these financial statements is based upon the 2020 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.

21. Economic Dependence

Muskeg Lake Cree Nation receives a significant portion of its revenue pursuant to a funding agreement from Indigenous Services Canada.

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

22. 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		
	2020	2020	2019	2020	2019	2020	Budget	2020	2019
	Budget	Actual	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues									
ISC	3,178,009	3,320,721	3,077,633	365,218	(105,157)	756,418	320,177	471,295	447,533
ISC - Health Canada	526,996	359,911	302,071	1,034,684	654,475	839,326	-	-	-
Saskatoon Tribal Council	183,729	467,344	284,432	-	111,697	704,812	-	15,500	15,500
Other revenue						44,471	644,068	591,771	583,778
Total revenue	3,888,734	4,147,976	3,664,136	1,399,902	1,500,341	1,505,701	964,245	1,078,566	1,046,811
Expenses									
Wages and benefits	1,191,759	1,384,726	1,312,404	690,550	497,493	440,777	152,567	248,552	163,094
Program expenses	2,087,336	2,311,608	2,321,886	219,834	213,585	108,014	563,956	300,937	423,087
Contracts	55,087	9,610	23,500	34,560	116,846	20,312	-	14,934	10,786
Repairs and maintenance	98,200	110,218	118,424	41,000	26,816	34,249	21,265	12,743	21,332
Travel and meetings	23,800	57,506	58,475	53,756	58,040	71,503	5,000	48,980	21,499
Insurance	26,075	34,202	30,778	10,326	27,701	11,014	2,150	1,037	3,771
Other expenses	156,920	220,456	209,442	289,333	491,909	285,629	39,850	53,654	41,771
Total expenses	3,639,177	4,128,326	4,074,709	1,339,359	1,432,390	971,498	784,788	680,837	685,340
Annual surplus (deficit)	249,557	19,650	(410,573)	60,543	67,951	534,203	179,457	397,729	361,471

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

22. Segmented information, continued

	2020 Budget	Housing 2020 Actual	2019 Actual	2020 Budget	Social Services 2020 Actual	2019 Actual	2020 Budget	Band Government 2020 Actual	2019 Actual
Revenues									
ISC	574,826	1,069,328	734,187	840,787	861,531	860,261	829,664	987,728	982,656
CMHC	480,586	241,720	269,720	730,728	967,533	24,528	92,000	126,924	-
Saskatoon Tribal Council	-	-	-	-	-	-	-	-	83,169
Equity income (loss) of business enterprises	-	-	-	-	-	-	-	1,565,526	1,695,781
Other revenue	26,000	63,655	67,401	(8,801)	(325,437)	(38,377)	880,813	1,043,243	1,331,735
Total revenue	1,081,412	1,374,703	1,071,308	1,562,714	1,503,627	846,412	1,802,477	3,723,421	4,093,341
Expenses									
Wages and benefits	189,437	325,125	225,635	463,088	526,321	153,522	1,219,395	1,471,178	1,211,428
Program expenses	385,826	100,197	108,891	948,414	653,350	678,112	(297,597)	(146,784)	(85,538)
Contracts	-	-	-	-	43,226	2,020	38,700	22,627	-
Repairs and maintenance	220,520	406,357	405,901	19,000	10,188	4,743	1,300	48,679	25,819
Travel and meetings	7,500	28,835	21,047	7,807	70,085	13,403	284,000	294,098	310,787
Insurance	117,262	192,116	136,706	8,500	1,992	1,660	16,000	17,243	24,178
Interest on long term debt	159,143	30,227	29,829	-	-	-	29,000	7,297	20,308
Other expenses	42,776	85,714	147,824	123,779	105,178	52,139	600,789	802,125	1,177,690
Total expenses	1,122,464	1,168,571	1,075,833	1,570,588	1,410,340	905,599	1,891,587	2,516,463	2,684,672
Annual surplus (deficit)	(41,052)	206,132	(4,525)	(7,874)	93,287	(59,187)	(89,110)	1,206,958	1,408,669

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

22. Segmented information, continued

	Community Services			Public Works		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues						
ISC						
Saskatoon Tribal Council						
Other revenue						
Total revenue	144,000	172,162	520,521	875,668	3,307,609	1,127,498
Expenses						
Wages and benefits	54,447	75,345	236,479	337,175	445,120	447,619
Program expenses	85,188	122,198	185,142	130,439	338,741	80,352
Contracts						
Repairs and maintenance	600	7,490	13,472	24,600	32,324	37,300
Travel and meetings	1,000	11,441	46,710	121,320	185,152	243,370
Insurance	80	2,630	5,980	18,400	29,719	31,916
Interest on long term debt						
Other expenses	2,685	6,261	67,646	205,905	234,685	201,144
Total expenses	144,000	225,365	555,429	889,595	1,329,310	1,098,642
Annual surplus (deficit)	-	(53,203)	(34,908)	(13,927)	1,978,299	28,856

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

22. Segmented information, continued

	2020 Budget	Amortization 2020 Actual	2019 Actual	Consolidated totals		2019 Actual
				2020 Budget	2020 Actual	
Revenues				6,232,450	9,454,095	6,933,927
ISC				365,218	654,475	756,418
ISC - Health Canada				480,586	241,720	269,720
CMHC				2,520,408	2,383,242	1,465,982
Saskatoon Tribal Council					1,565,526	1,695,781
Equity income of business enterprises					2,509,347	2,753,900
Other revenue						
Total revenue				11,719,152	16,808,405	13,875,728
Expenses						
Wages and benefits				4,298,418	4,973,860	4,190,958
Amortization	1,629,909	775,947		4,123,396	1,629,909	775,947
Program expenses				152,947	3,893,832	3,819,746
Contracts				523,205	239,567	93,918
Repairs and maintenance				401,263	807,643	867,310
Travel and meetings				223,293	598,704	575,340
Insurance					333,747	262,172
Interest on long term debt					44,267	58,993
Other expenses					1,969,982	2,183,285
Total expenses	1,629,909	775,947	11,381,558	14,521,511	12,827,869	
Annual surplus (deficit)			(1,629,909)	(775,947)	337,594	2,286,894
						1,048,059

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

23. Financial Instruments

The First Nation's financial instruments consist of cash, accounts receivable, band member receivables, portfolio investments, investments in government business enterprises, 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.

COVID-19 (see note 2) has resulted in an increase in risk of these financial instruments. The First Nation cannot predict changes in these risks or the impact on operating results. Such changes related to the COVID-19 pandemic, could have a material effect in the First Nations operations and financial condition.