

**Muskeg Lake Cree Nation**  
**Consolidated Financial Statements**  
**March 31, 2021**

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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

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**March 31, 2021**

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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 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:

Original signed by \_\_\_\_\_  
Chief

September 22, 2021 \_\_\_\_\_  
Date

Original signed by \_\_\_\_\_  
Controller

September 22, 2021 \_\_\_\_\_  
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 (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, 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, 2021, 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.

#### *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.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Canada  
September 22, 2021



Chartered Professional Accountants

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## Muskeg Lake Cree Nation

### Consolidated Statement of Financial Position

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March 31	2021	2020
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#### Financial Assets

Cash (Note 3)	\$ 2,621,647	\$ 5,027,916
Accounts receivable (Note 4)	5,489,620	1,409,851
Portfolio investments (Note 6)	73,622	73,622
Investments in MLCN government business enterprises (Note 7)	11,104,624	8,675,100
	<b>19,289,513</b>	15,186,489

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#### Liabilities

Accounts payable (Note 8)	3,225,718	3,001,114
Deferred revenue (Note 10)	5,485,364	7,020,454
Long-term debt (Note 11)	3,155,336	3,183,249
	<b>11,866,418</b>	13,204,817

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<b>Net financial assets</b>	<b>7,423,095</b>	1,981,672
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#### Non-financial Assets

Capital assets (Note 12)	20,494,925	16,018,581
Prepaid expenses	66,449	80,392
	<b>20,561,374</b>	16,098,973

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<b>Accumulated Surplus (Note 13)</b>	<b>\$ 27,984,469</b>	\$ 18,080,645
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Contingent liabilities (Note 18)

Approved on behalf of the Muskeg Lake Cree Nation

Original signed by \_\_\_\_\_, Chief

Original signed by \_\_\_\_\_, Controller

# Muskeg Lake Cree Nation

## Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2021 Budget	2021 Actual	2020 Actual
<b>Revenue</b>			
Federal Government:			
Indigenous Services Canada	\$ 6,271,095	\$ 13,112,838	\$ 9,423,495
ISC funding clawed back	-	(12,612)	(33,356)
ISC - Health Canada	397,441	1,124,784	685,078
CMHC	155,648	197,258	241,720
Saskatoon Tribal Council	3,958,701	3,137,127	2,383,241
Other (Note 14)	2,172,219	2,983,258	2,542,701
Settlement proceeds (Note 15)	-	3,331,185	-
Equity income from MLCN government business enterprises	-	2,100,647	1,565,526
	<b>12,955,104</b>	<b>25,974,485</b>	<b>16,808,405</b>
<b>Expenses (Note 16)</b>			
Education	3,765,069	3,858,409	4,045,876
Health	1,793,260	3,049,144	1,432,390
Economic Development	1,112,238	569,116	680,837
Housing	866,026	1,383,184	1,168,571
Social Services	2,102,242	1,698,874	1,410,339
Band Government	1,890,742	2,070,192	2,516,463
Community Services	201,429	377,166	307,815
Public Works	1,279,885	1,267,689	1,329,311
Amortization	1,796,887	1,796,887	1,629,909
	<b>14,807,778</b>	<b>16,070,661</b>	<b>14,521,511</b>
<b>Excess of revenue over expenses</b>	<b>(1,852,674)</b>	<b>9,903,824</b>	<b>2,286,894</b>
<b>Accumulated surplus, beginning of year</b>	<b>18,080,645</b>	<b>18,080,645</b>	<b>15,793,751</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 16,227,971</b>	<b>\$ 27,984,469</b>	<b>\$ 18,080,645</b>

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## Muskeg Lake Cree Nation

### Consolidated Statement of Change in Net Financial Assets

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For the year ended March 31	2021 Budget	2021 Actual	2020 Actual
<b>Excess of revenue over expenses</b>	<b>\$ (1,852,674)</b>	<b>\$ 9,903,824</b>	<b>\$ 2,286,894</b>
Acquisition of tangible capital assets	-	(6,273,231)	(3,533,773)
Amortization of tangible capital assets	1,796,887	1,796,887	1,629,909
Gain on disposal of capital assets	-	(33,000)	(4,698)
Proceeds on disposal of capital assets	-	33,000	8,007
	1,796,887	(4,476,344)	(1,900,555)
Acquisition of prepaid asset	-	-	(4,008)
Use of prepaid asset	-	13,943	-
	-	13,943	(4,008)
<b>Increase in net financial assets</b>	<b>(55,787)</b>	<b>5,441,423</b>	<b>382,331</b>
<b>Net financial assets, beginning of year</b>	<b>1,981,672</b>	<b>1,981,672</b>	<b>1,599,341</b>
<b>Net financial assets, end of year</b>	<b>\$ 1,925,885</b>	<b>\$ 7,423,095</b>	<b>\$ 1,981,672</b>

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# Muskeg Lake Cree Nation

## Consolidated Statement of Cash Flow

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For the year ended March 31	2021	2020
<b>Cash flows from</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	\$ 9,903,824	\$ 2,286,894
Items not affecting cash		
Amortization	1,796,887	1,629,909
Income from government business enterprises	(2,100,647)	(1,565,526)
Gain on disposal of capital assets	(33,000)	-
	9,567,064	2,351,277
Change in non-cash operating working capital		
Accounts receivable	(4,079,769)	(105,866)
Prepaid expenses	13,943	(4,008)
Accounts payable	224,606	571,781
Deferred revenue	(1,535,090)	3,954,135
Band member receivables	-	650
Allowance for doubtful accounts	-	77,223
	4,190,754	6,845,192
<b>Capital activities</b>		
Purchase of capital assets	(6,273,231)	(3,533,773)
Proceeds on disposal of capital assets	33,000	8,007
	(6,240,231)	(3,525,766)
<b>Financing activities</b>		
Repayment of operating loans	(343,902)	(425,176)
Repayment of bank indebtedness	-	(539,373)
Advances on long term debt	315,987	547,894
Due from/to related parties	(328,877)	29,544
	(356,792)	(387,111)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(2,406,269)</b>	<b>2,932,315</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>5,027,916</b>	<b>2,095,601</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,621,647</b>	<b>\$ 5,027,916</b>

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# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

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March 31, 2021

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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 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.

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# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

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March 31, 2021

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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

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.

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# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

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March 31, 2021

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### 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, 2021. 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

The COVID-19 pandemic has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, social distancing, restrictions on business operations and isolation/quarantine periods have caused material disruptions to communities and businesses, resulting in an economic slowdown.

The First Nation has temporarily closed facilities to public access, implemented remote work arrangements for those able to do so, implemented stringent health and safety procedures and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic on the First Nation's operations and programs.

While recovery is underway, the efficacy of COVID-19 vaccines and longevity of the COVID-19 pandemic remains uncertain and as such it is not possible to estimate the length and severity of the pandemic and the impact on the financial results and condition on the First Nation and its operations in future periods.

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## Muskeg Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2021

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#### 3. Cash

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 (2020: \$nil). The loans are secured by a general security agreement and an assignment of receipts.

	2021	2020
Externally restricted		
Capital projects	\$ 861,506	\$ 117,531
Replacement reserves	635,161	587,421
	<b>1,496,667</b>	704,952
Internally restricted		
Elders activities	29,836	29,836
Unrestricted		
Operations	1,095,144	4,293,128
	<b>\$ 2,621,647</b>	\$ 5,027,916

#### 4. Accounts receivable

	2021	2020
Indigenous Services Canada	\$ -	\$ 204,646
Government of Canada - Rebellion Band Claim settlement	3,321,175	-
Canada Mortgage and Housing Corporation	16,548	14,630
Saskatoon Tribal Council	1,179,641	461,982
Other	831,249	588,483
Property fees	130,764	102,099
Government remittances	10,243	38,011
	<b>\$ 5,489,620</b>	\$ 1,409,851

#### 5. Band member receivables

	2021	2020
Member advances	\$ 487,032	\$ 487,032
Allowance for uncollectible amounts	(487,032)	(487,032)
	<b>\$ -</b>	\$ -

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.

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# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2021

### 7. Investment in MLCN Government Business Enterprises

	Aspen Developments Inc.	Muskeg Lake Economic Development LP	MLCN Community Store Ltd.	2021 Total	2020 Total
Cash	\$ 496,086	\$ 7,391,967	\$ 3,574	\$ 7,891,627	\$ 5,396,388
Accounts receivable	261,685	499,410	49,618	810,713	1,019,439
Inventory	-	543,943	45,741	589,684	598,293
Prepays	-	52,007	7,229	59,236	72,337
Investments	-	42,926	-	42,926	34,900
Due from related parties	-	1,213,761	-	1,213,761	1,413,288
Tangible capital assets	618,114	26,883,073	101,298	27,602,485	25,483,971
Other assets	88,111	2,622,455	-	2,710,566	1,854,850
<b>Total assets</b>	<b>\$ 1,463,996</b>	<b>\$ 39,249,542</b>	<b>\$ 207,460</b>	<b>\$ 40,920,998</b>	<b>\$ 35,873,466</b>

Accounts payable	\$ 709,464	\$ 950,672	\$ 32,463	\$ 1,692,599	\$ 1,525,256
Long-term debt	-	27,434,367	203,854	27,638,221	25,259,289
Due to related parties	1,588,464	1,760,348	230,377	3,579,189	3,322,866
Deferred revenue	205,883	411,901	-	617,784	310,512
<b>Total liabilities</b>	<b>2,503,811</b>	<b>30,557,288</b>	<b>466,694</b>	<b>33,527,793</b>	<b>30,417,923</b>
<b>Equity</b>	<b>(1,039,815)</b>	<b>8,692,254</b>	<b>(259,234)</b>	<b>7,393,205</b>	<b>5,455,543</b>
<b>Total liabilities and equity</b>	<b>\$ 1,463,996</b>	<b>\$ 39,249,542</b>	<b>\$ 207,460</b>	<b>\$ 40,920,998</b>	<b>\$ 35,873,466</b>

	Aspen Developments Inc.	Muskeg Lake Economic Development LP	MLCN Community Store Ltd.	2021 Total	2020 Total
Revenue	\$ 516,720	\$ 22,277,936	\$ 1,009,974	\$ 23,804,630	\$ 24,032,392
Amortization	32,533	951,029	15,238	998,800	645,148
Cost of sales	-	14,737,573	816,206	15,553,779	17,215,470
General and administration	238,014	5,456,939	316,838	6,011,791	5,305,098
Other income	-	(1,411,456)	(32,602)	(1,444,058)	(1,199,420)
<b>Total expenses</b>	<b>270,547</b>	<b>19,734,085</b>	<b>1,115,680</b>	<b>21,120,312</b>	<b>21,966,296</b>
<b>Net income</b>	<b>\$ 246,173</b>	<b>\$ 2,543,851</b>	<b>\$ (105,706)</b>	<b>\$ 2,684,318</b>	<b>\$ 2,066,096</b>

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## Muskeg Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2021

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

	2021	2020
Aspen Developments Inc. - equity	\$ (1,039,815)	\$ (1,085,988)
Muskeg Lake Economic Development LP - equity	8,692,254	6,695,059
MLCN Community Store Ltd. - equity	(259,234)	(153,528)
Related party receivables	3,711,419	3,219,557
Total investment in Government Business Enterprises	\$ 11,104,624	\$ 8,675,100

	2021	2020
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
Muskeg Lake Economic Development LP distributions	172,512	172,512
Christmas distribution	75,000	75,000
Education payment	47,600	47,600
Aspen Development Inc. dividends	200,000	100,000
	\$ 838,779	\$ 738,779

#### 8. Accounts payable

	2021	2020
Trade	\$ 1,272,345	\$ 995,223
Accrued salaries and employee benefits	293,751	294,192
Off-reserve tuition fees	1,611,593	1,702,581
Government remittances	48,029	9,118
	\$ 3,225,718	\$ 3,001,114

#### 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, 2021 the amount in the Replacement Reserve account was overfunded by \$87,684 (2020 - overfunded by \$106,732).

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## Muskeg Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2021

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#### 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.

	March 31, 2020	Funding received, 2021	Revenue recognized, 2021	March 31, 2021
<b>Federal government</b>				
Indigenous Services Canada	\$ 299,702	\$ 10,320,791	\$ (9,124,267)	\$ 1,496,226
ISC - Capital projects	4,659,907	1,540,254	(5,082,752)	1,117,409
ISC - Health Canada - Capital projects	30,603	-	(30,603)	-
	4,990,212	11,861,045	(14,237,622)	2,613,635
<b>Other</b>				
Saskatoon Tribal Council	1,869,853	4,179,398	(3,177,522)	2,871,729
Community Development Corporation	160,389	-	(160,389)	-
	2,030,242	4,179,398	(3,337,911)	2,871,729
	\$ 7,020,454	\$ 16,040,443	\$ (17,575,533)	\$ 5,485,364

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## Muskeg Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2021

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#### 11. Long-term debt

	2021	2020
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.	\$ 61,802	\$ 73,748
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.	84,974	96,139
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.	98,800	109,755
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.	117,924	135,247
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.	180,913	193,551
Canada Mortgage and Housing Corporation mortgage with payments of \$3,337 per month including interest at 0.74% per annum, maturing February 1, 2036, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	565,697	600,871
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.	442,563	487,689
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.	304,545	323,871

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## Muskeg Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2021

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

	2021	2020
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.	\$ 290,152	\$ 240,305
Canada Mortgage and Housing Corporation mortgage with payments of \$7,387 per month including interest at 0.80% per annum commencing May 1, 2021, maturing April 1, 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	92,248	-
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.	157,500	247,500
Caterpillar Financial Services 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 \$77,768.	68,841	121,199
Operating loan repayable in quarterly instalments of \$10,014 including interest at 4.70% maturing April 2021, secured by a general security agreement.	20,586	58,475
1919 Soldier Settlement Board Surrender IR 102 Claim. There is no specific period of repayment. The loan bears an interest rate of 0%.	658,781	494,899
Rebellion Band Claim. There is no specific period of repayment. The loan bears an interest rate of 0%.	10,010	-
	<b>3,155,336</b>	<b>3,183,249</b>

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

2022	\$ 333,445
2023	252,407
2024	173,494
2025	176,243
2026 and thereafter	2,219,747
	<b>\$ 3,155,336</b>

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## Muskeg Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2021

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#### 12. Tangible Capital Assets

	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2021 net book value
Land	\$ 4,500	\$ -	\$ -	\$ 4,500	\$ -	\$ -	\$ -	\$ -	\$ 4,500
Buildings and infrastructure	18,723,867	4,850,238	-	23,574,105	7,385,511	630,143	-	8,015,654	15,558,451
Automotive equipment	2,097,597	898,938	(51,070)	2,945,465	1,686,882	433,044	(51,070)	2,068,856	876,609
Computer equipment	587,535	-	-	587,535	515,157	24,478	-	539,635	47,900
Office furniture and equipment	1,494,295	-	-	1,494,295	1,327,925	33,256	-	1,361,181	133,114
Band Houses	9,271,640	222,101	-	9,493,741	8,179,647	474,687	-	8,654,334	839,407
CMHC Houses	4,586,988	301,954	-	4,888,942	1,652,719	201,279	-	1,853,998	3,034,944
	\$ 36,766,422	\$ 6,273,231	\$ (51,070)	\$ 42,988,583	\$ 20,747,841	\$ 1,796,887	\$ (51,070)	\$ 22,493,658	\$ 20,494,925

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2021

	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated 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	6,796,600	588,911	-	7,385,511	11,338,356
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	1,304,677	23,248	-	1,327,925	166,370
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

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## Muskeg Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2021

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#### 13. Accumulated Surplus

	2021	2020
Operating fund	\$ (1,696,598)	\$ (4,463,850)
Capital assets	18,028,967	13,388,706
Investment fund	11,104,624	8,675,100
CMHC replacement reserve	547,476	480,689
	<b>\$ 27,984,469</b>	<b>\$ 18,080,645</b>

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#### 14. Other revenue

	2021	2020
Contributions from businesses	\$ 447,512	\$ 347,512
First Nations Trust	470,789	646,800
Grants, fundraising and sales	827,749	545,230
Rental and land lease revenue	376,236	296,194
Property fees	311,651	247,910
Treaty Land Entitlement Trust	180,857	61,785
Community Development Corp	208,075	107,051
Deferred Revenue	160,389	290,219
	<b>\$ 2,983,258</b>	<b>\$ 2,542,701</b>

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#### 15. Settlement proceeds

A settlement between the First Nation and the Government of Canada was signed on March 15, 2021 relating to the Treaty Annuities Specific Claim which states that the Government of Canada failed to pay the promised annual annuities to members between 1885 to 1888 and annual annuities to Chiefs and Councillors between 1885 and 1914. As a result it has been agreed upon that the First Nation is to receive \$3,331,185 of compensation. This amount was received subsequent to year-end.

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## Muskeg Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2021

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#### 16. Expenses

For the year ended March 31	2021 Budget	2021 Actual	2020 Actual
<b>Expenses</b>			
Amortization	\$ 1,796,887	\$ 1,796,887	\$ 1,629,909
Bad debt expense	-	-	103,807
Bank charges	32,785	7,264	9,070
Contracts	313,987	436,782	244,603
Emergency assistance	83,000	136,471	108,920
Insurance	381,406	438,366	333,747
Interest on long term debt	271,777	40,086	44,268
Leases	18,900	30,730	19,508
Materials and supplies	371,669	687,257	631,477
Office	66,768	82,439	112,518
Professional development	77,958	37,967	152,340
Professional fees	548,094	642,142	565,851
Program expenses	4,108,603	3,641,563	3,872,936
Property taxes	-	21,468	20,896
Rent expense	-	46,127	-
Repairs and maintenance	596,244	1,135,129	807,643
Telephone	116,900	141,843	113,346
Travel and meetings	549,562	390,213	598,705
Utilities	148,015	250,217	178,105
Wages and benefits	5,325,223	6,107,710	4,973,862
	<b>\$ 14,807,778</b>	<b>\$ 16,070,661</b>	<b>\$ 14,521,511</b>

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# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

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March 31, 2021

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### 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 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:

	2021		2020	
Capital funds held in trust	\$	468	\$	468
Revenue funds held in trust		3		-
	\$	471	\$	468

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### 18. Contingent Liabilities

- 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.
- 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.
- 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.

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## **Muskeg Lake Cree Nation**

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

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**March 31, 2021**

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#### **20. Budget Information**

The unaudited budget data in these financial statements is based upon the 2021 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 and Saskatoon Tribal Council.

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2021

### 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 1. The segment results for the period are as follows:

	2021 Budget	Education 2021 Actual	2020 Actual	2021 Budget	Health 2021 Actual	2020 Actual	Economic Development 2021 Budget	2021 Actual	2020 Actual
Revenues									
ISC	3,105,372	3,791,390	3,320,721	-	625,838	(135,760)	323,574	277,730	471,295
ISC - Health Canada	-	-	-	397,441	1,124,784	685,078	-	-	-
Saskatoon Tribal Council	330,980	467,624	277,462	1,585,935	1,151,622	839,326	-	7,264	15,500
Other revenue	86,076	248,858	467,343	(53,800)	155,195	111,697	833,370	896,944	591,771
Total revenue	3,522,428	4,507,872	4,065,526	1,929,576	3,057,439	1,500,341	1,156,944	1,181,938	1,078,566
Expenses									
Wages and benefits	1,136,248	1,004,885	1,336,953	923,925	1,861,399	497,493	257,306	276,727	248,552
Program expenses	2,310,369	2,523,912	2,283,997	265,241	413,346	213,585	671,872	139,049	300,937
Contracts	-	23,487	9,610	78,837	111,042	116,846	41,200	9,735	14,934
Repairs and maintenance	73,676	60,295	109,006	71,000	119,323	26,816	18,000	25,101	12,743
Travel and meetings	23,300	14,618	55,970	43,565	73,495	58,040	25,300	14,580	48,980
Insurance	41,238	38,470	33,715	32,716	27,432	27,701	-	92	1,037
Other expenses	180,238	192,742	216,625	377,976	443,107	491,909	98,560	103,832	53,654
Total expenses	3,765,069	3,858,409	4,045,876	1,793,260	3,049,144	1,432,390	1,112,238	569,116	680,837
Annual surplus (deficit)	(242,641)	649,463	19,650	136,316	8,295	67,951	44,706	612,822	397,729

# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2021

### 22. Segmented information, continued

	2021 Budget	Housing 2021 Actual	2020 Actual	2021 Budget	Social Services 2021 Actual	2020 Actual	2021 Budget	Band Government 2021 Actual	2020 Actual
Revenues									
ISC	589,774	789,774	1,069,328	883,592	734,156	861,531	887,602	1,076,167	987,728
CMHC	155,648	197,258	241,720	-	-	-	-	-	-
Saskatoon Tribal Council	-	-	-	1,730,847	943,836	967,533	112,000	54,978	126,924
Equity income (loss) of business enterprises	-	-	-	-	-	-	-	2,100,647	1,565,526
Other revenue	(134,250)	187,065	63,655	-	(16,905)	(325,438)	946,429	4,488,114	1,043,243
Total revenue	611,172	1,174,097	1,374,703	2,614,439	1,661,087	1,503,626	1,946,031	7,719,906	3,723,421
Expenses									
Wages and benefits	187,795	282,421	325,125	805,817	625,913	526,321	1,343,002	1,339,965	1,471,178
Program expenses	59,177	59,097	79,302	992,436	585,185	653,350	(438,662)	(405,088)	(146,784)
Contracts	-	-	-	109,200	195,487	48,261	47,750	24,665	22,627
Repairs and maintenance	173,068	684,613	406,357	20,200	729	10,188	1,300	35,667	48,679
Travel and meetings	9,000	6,915	28,835	78,542	37,383	70,085	331,580	218,194	294,098
Insurance	213,391	193,023	192,116	1,500	180	1,992	46,234	113,800	17,243
Interest on long term debt	166,175	33,582	30,227	-	-	-	48,906	2,166	7,297
Other expenses	57,420	123,533	106,609	94,547	253,997	100,142	510,632	740,823	802,125
Total expenses	866,026	1,383,184	1,168,571	2,102,242	1,698,874	1,410,339	1,890,742	2,070,192	2,516,463
Annual surplus (deficit)	(254,854)	(209,087)	206,132	512,197	(37,787)	93,287	55,289	5,649,714	1,206,958

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## Muskeg Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2021

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#### 22. Segmented information, continued

	2021 Budget	Community Services 2021 Actual	2020 Actual	2021 Budget	Public Works 2021 Actual	2020 Actual
Revenues						
ISC	-	-	-	481,181	5,817,783	2,848,649
Saskatoon Tribal Council	198,939	506,228	156,497	-	5,575	-
Other revenue	12,394	109,483	98,115	482,000	233,077	458,961
Total revenue	211,333	615,711	254,612	963,181	6,056,435	3,307,610
Expenses						
Wages and benefits	145,942	228,887	123,118	525,188	487,510	445,120
Program expenses	29,822	99,471	149,809	218,348	226,592	338,741
Contracts	-	-	-	37,000	72,366	32,324
Repairs and maintenance	7,200	2,058	8,702	231,800	207,342	185,152
Travel and meetings	4,275	5,447	12,977	34,000	19,582	29,719
Insurance	3,854	3,722	3,117	42,473	61,648	56,826
Interest on long term debt	-	-	-	56,696	4,338	6,743
Other expenses	10,336	37,581	10,092	134,380	188,311	234,686
Total expenses	201,429	377,166	307,815	1,279,885	1,267,689	1,329,311
Annual surplus (deficit)	9,904	238,545	(53,203)	(316,704)	4,788,746	1,978,299

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# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2021

### 22. Segmented information, continued

	2021 Budget	Amortization 2021 Actual	2020 Actual	2021 Budget	Consolidated totals 2021 Actual	2020 Actual
Revenues						
ISC	-	-	-	6,271,095	13,112,838	9,423,492
ISC - Health Canada	-	-	-	397,441	1,124,784	685,078
CMHC	-	-	-	155,648	197,258	241,720
Saskatoon Tribal Council	-	-	-	3,958,701	3,137,127	2,383,242
Equity income of business enterprises	-	-	-	-	2,100,647	1,565,526
Other revenue	-	-	-	2,172,219	6,301,831	2,509,347
Total revenue	-	-	-	12,955,104	25,974,485	16,808,405
Expenses						
Wages and benefits	-	-	-	5,325,223	6,107,707	4,973,860
Amortization	1,796,887	1,796,887	1,629,909	1,796,887	1,796,887	1,629,909
Program expenses	-	-	-	4,108,603	3,641,564	3,872,937
Contracts	-	-	-	313,987	436,782	244,602
Repairs and maintenance	-	-	-	596,244	1,135,128	807,643
Travel and meetings	-	-	-	549,562	390,214	598,704
Insurance	-	-	-	381,406	438,367	333,747
Interest on long term debt	-	-	-	271,777	40,086	44,267
Other expenses	-	-	-	1,464,089	2,083,926	2,015,842
Total expenses	1,796,887	1,796,887	1,629,909	14,807,778	16,070,661	14,521,511
Annual surplus (deficit)	(1,796,887)	(1,796,887)	(1,629,909)	(1,852,674)	9,903,824	2,286,894

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# Muskeg Lake Cree Nation

## Notes to Consolidated Financial Statements

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March 31, 2021

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### 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 Nation's operations and financial condition.