

Muskeg Lake Cree Nation
Consolidated Financial Statements

March 31, 2022

Muskeg Lake Cree Nation**Consolidated Financial Statements**

March 31, 2022

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Muskeg Lake Cree Nation

Management's Responsibility for Financial Reporting

March 31, 2022

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 _____	December 21, 2022
Chief	Date
Original signed by _____	December 21, 2022
Operations Manager	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, 2022, 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, 2022, 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
December 21, 2022

Crove Mackay CPA
Chartered Professional Accountants

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

March 31	2022	2021
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Financial Assets

Cash (Note 2)	\$ 7,697,345	\$ 2,621,647
Accounts receivable (Note 3)	2,293,560	5,489,620
Portfolio investments (Note 5)	73,622	73,622
Investments in MLCN government business enterprises (Note 6)	13,237,571	11,104,624
1919 Soldier Settlement Board Surrender Trust (Note 7)	127,216,180	-
	150,518,278	19,289,513

Liabilities

Accounts payable (Note 8)	2,305,963	3,225,718
Deferred revenue (Note 10)	10,885,129	5,485,364
Long-term debt (Note 11)	2,808,902	3,155,336
	15,999,994	11,866,418
Net financial assets	134,518,284	7,423,095

Non-financial Assets

Capital assets (Note 12)	20,019,243	20,494,925
Prepaid expenses	87,073	66,449
	20,106,316	20,561,374

Accumulated Surplus (Note 13)	\$ 154,624,600	\$ 27,984,469
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Contingent liabilities (Note 17)

Approved on behalf of the Muskeg Lake Cree NationOriginal signed by _____, ChiefOriginal signed by _____, Operations Manager

Muskeg Lake Cree Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
Revenue			
Federal Government:			
Indigenous Services Canada	\$ 6,473,725	\$ 9,735,134	\$ 13,154,838
ISC funding clawed back	-	-	(12,612)
ISC - Health Canada	277,113	858,781	1,082,784
CMHC	250,970	500,858	197,258
Saskatoon Tribal Council	4,640,276	2,893,775	3,137,127
Other (Note 14)	2,212,204	2,126,296	2,983,258
Settlement proceeds	-	-	3,331,185
Equity income from MLCN government business enterprises	-	1,970,104	2,100,647
1919 Soldier Settlement (Note 7)	-	127,216,180	-
	13,854,288	145,301,128	25,974,485
Expenses (Note 15)			
Education	3,787,753	3,730,339	3,858,409
Health	2,155,792	3,244,555	3,049,144
Economic Development	947,303	726,144	569,116
Housing	1,052,062	1,111,115	1,383,184
Social Services	2,023,673	2,237,094	1,698,874
Band Government	2,001,101	3,735,753	2,070,192
Community Services	675,177	434,597	377,166
Public Works	1,171,045	1,386,590	1,267,689
Amortization	2,054,810	2,054,810	1,796,887
	15,868,716	18,660,997	16,070,661
Excess of revenue over expenses	(2,014,428)	126,640,131	9,903,824
Accumulated surplus, beginning of year	27,984,469	27,984,469	18,080,645
Accumulated surplus, end of year	\$ 25,970,041	\$ 154,624,600	\$ 27,984,469

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

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
Excess of revenue over expenses	\$ (2,014,428)	\$ 126,640,131	\$ 9,903,824
Acquisition of tangible capital assets	-	(1,579,131)	(6,273,231)
Amortization of tangible capital assets	2,054,810	2,054,810	1,796,887
Gain on disposal of capital assets	-	-	(33,000)
Proceeds on disposal of capital assets	-	-	33,000
	2,054,810	475,679	(4,476,344)
Acquisition of prepaid asset	-	(20,621)	-
Use of prepaid asset	-	-	13,943
	-	(20,621)	13,943
Increase in net financial assets	40,382	127,095,189	5,441,423
Net financial assets, beginning of year	7,423,095	7,423,095	1,981,672
Net financial assets, end of year	\$ 7,463,477	\$ 134,518,284	\$ 7,423,095

Muskeg Lake Cree Nation

Consolidated Statement of Cash Flow

For the year ended March 31	2022	2021
Cash flows from Operating activities		
Excess of revenue over expenses	\$ 126,640,131	\$ 9,903,824
Items not affecting cash		
Amortization	2,054,810	1,796,887
Income from government business enterprises	(1,970,104)	(2,100,647)
Gain on disposal of capital assets	-	(33,000)
	126,724,837	9,567,064
Change in non-cash operating working capital		
Accounts receivable	3,196,060	(4,079,769)
Prepaid expenses	(20,622)	13,943
Accounts payable	(919,756)	224,606
Deferred revenue	5,399,765	(1,535,090)
	134,380,284	4,190,754
Capital activities		
Purchase of capital assets	(1,579,131)	(6,273,231)
Proceeds on disposal of capital assets	-	33,000
	(1,579,131)	(6,240,231)
Financing activities		
Advances on long term debt	-	315,987
Repayment of long term debt	(346,434)	(343,902)
Due from/to related parties	(162,841)	(328,877)
	(509,275)	(356,792)
Investing activities		
1919 Soldier Settlement Board Surrender Trust	(127,216,180)	-
Increase (decrease) in cash and cash equivalents	5,075,698	(2,406,269)
Cash and cash equivalents, beginning of year	2,621,647	5,027,916
Cash and cash equivalents, end of year	\$ 7,697,345	\$ 2,621,647

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

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.

Enterprises accounted for on a modified equity basis include:

1. Aspen Developments Inc.
2. Muskeg Lake Economic Development Limited Partnership
3. MLCN Community Store Ltd.

Entities accounted for by full consolidation include:

1. Muskeg Lake Cree Nation 1919 Soldier Settlement Board Surrender IR 102 Specific Claim Trust

(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.

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

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

(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.

(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.

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

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

(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.

(g) Use of estimates

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

2. Cash

The Nation has an operating line of credit in the amount of \$500,000 bearing interest at prime plus 3% (4.70%) with further overdrafts bearing interest at 25%. At the year end, the Nation was overdrawn by \$nil (2021: \$nil). The loans are secured by a general security agreement and an assignment of receipts.

	2022	2021
Externally restricted		
Capital projects	\$ 1,872,553	\$ 861,506
Replacement reserves	724,740	635,161
	<hr/> 2,597,293	<hr/> 1,496,667
Internally restricted		
Elders activities	<hr/> 12,445	<hr/> 29,836
Unrestricted		
Operations	<hr/> 5,087,607	<hr/> 1,095,144
	<hr/> \$ 7,697,345	<hr/> \$ 2,621,647

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

3. Accounts receivable

	2022	2021
First Nations Trust	\$ 275,472	\$ -
Government of Canada - Rebellion Band Claim settlement	-	3,321,175
Canada Mortgage and Housing Corporation	16,545	16,548
Saskatoon Tribal Council	848,395	1,179,641
Other	965,898	831,249
Property fees	162,884	130,764
Government remittances	24,366	10,243
	<hr/> \$ 2,293,560	<hr/> \$ 5,489,620

4. Band member receivables

	2022	2021
Member advances	\$ 487,032	\$ 487,032
Allowance for uncollectible amounts	(487,032)	(487,032)
	<hr/> \$ -	<hr/> \$ -

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

5. Portfolio investments

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

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

6. Investment in MLCN Government Business Enterprises

	Aspen Developments Inc.	Muskeg Lake Economic Development LP	MLCN Community Store Ltd.	2022 Total	2021 Total
Cash	\$ 692,663	\$ 7,423,273	\$ (12,750)	\$ 8,103,186	\$ 7,891,627
Accounts receivable	245,449	538,053	46,672	830,174	810,713
Inventory	-	618,775	61,521	680,296	589,684
Prepays	836	124,853	7,492	133,181	59,236
Investments	-	53,018	-	53,018	42,926
Due from related parties	-	1,027,120	-	1,027,120	1,213,761
Tangible capital assets	587,209	32,803,435	85,535	33,476,179	27,602,485
Other assets	81,200	2,542,261	-	2,623,461	2,710,566
 Total assets	 \$ 1,607,357	 \$ 45,130,788	 \$ 188,470	 \$ 46,926,615	 \$ 40,920,998
 Accounts payable	 \$ 721,400	 \$ 3,051,743	 \$ 37,102	 \$ 3,810,245	 \$ 1,692,599
Long-term debt	-	29,697,827	164,315	29,862,142	27,638,221
Due to related parties	1,438,524	1,999,547	332,155	3,770,226	3,579,189
Deferred revenue	198,530	198,829	-	397,359	617,784
 Total liabilities	 2,358,454	 34,947,946	 533,572	 37,839,972	 33,527,793
 Equity	 (751,097)	 10,182,842	 (345,102)	 9,086,643	 7,393,205
 Total liabilities and equity	 \$ 1,607,357	 \$ 45,130,788	 \$ 188,470	 \$ 46,926,615	 \$ 40,920,998

	Aspen Developments Inc.	Muskeg Lake Economic Development LP	MLCN Community Store Ltd.	2022 Total	2021 Total
Revenue	\$ 516,720	\$ 26,883,129	\$ 1,003,353	\$ 28,403,202	\$ 23,804,630
Amortization	30,906	1,133,439	15,764	1,180,109	998,800
Cost of sales	-	18,371,303	839,156	19,210,459	15,553,779
General and administration	197,096	6,588,757	254,882	7,040,735	6,011,791
Other income	-	(1,326,239)	(25,581)	(1,351,820)	(1,444,058)
 Total expenses	 228,002	 24,767,260	 1,084,221	 26,079,483	 21,120,312
 Net income	 \$ 288,718	 \$ 2,115,869	 \$ (80,868)	 \$ 2,323,719	 \$ 2,684,318

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

6. Investment in Government Business Enterprises, continued

	2022	2021
Aspen Developments Inc. - equity	\$ (751,097)	\$ (1,039,815)
Muskeg Lake Economic Development LP - equity	10,182,842	8,692,254
MLCN Community Store Ltd. - equity	(340,102)	(259,234)
Related party receivables	4,145,928	3,711,419
 Total investment in Government Business Enterprises	 \$ 13,237,571	 \$ 11,104,624
	2022	2021
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	117,504	172,512
Christmas distribution	75,000	75,000
Education payment	47,600	47,600
Aspen Development Inc. dividends	-	200,000
	 \$ 583,771	 \$ 838,779

7. Muskeg Lake Cree Nation 1919 Soldier Settlement Board Surrender Trust

Muskeg Lake Cree Nation submitted its 1919 Soldier Settlement Board Specific Claim under Canada's Specific Claims Policy, citing that Canada had failed to comply with the surrender provisions of the 1906 Indian Act.

Muskeg Lake Cree Nation and Canada have negotiated terms of settlement of the claim and after a vote by membership have reached a settlement agreement in February 2022. Under the agreement, the Nation was awarded \$127,874,961 from Canada, which was received subsequent to year end.

Muskeg Lake Cree Nation created the Muskeg Lake Cree Nation 1919 Soldier Settlement Board Surrender IR 102 Specific Claim Trust to administer, manage, and hold in trust the remaining amount for the beneficiary of the Trust, Muskeg Lake Cree Nation. \$127,216,180 was contributed to the Trust subsequent to year end, which included \$127,874,961 less loan funding of \$658,781.

The Trustees of the Muskeg Lake Cree Nation 1919 Soldier Settlement Board Surrender IR 102 Specific Claim Trust are required to hold the Trust Property in trust and use the Trust Property for the specific purposes as outlined in the Muskeg Lake Cree Nation 1919 Soldier Settlement Board Surrender IR 102 Specific Claim Trust Agreement.

Annual income of the Trust, is deemed to be due and payable to Muskeg Lake Cree Nation to be used for specific purposes as outlined in the Trust Agreement.

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

8. Accounts payable

	2022	2021
Trade	\$ 951,029	\$ 1,272,345
Accrued salaries and employee benefits	200,416	293,751
Off-reserve tuition fees	1,105,200	1,611,593
Government remittances	49,319	48,029
	\$ 2,305,964	\$ 3,225,718

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, 2022 the amount in the Replacement Reserve account was overfunded by \$135,924 (2021 - overfunded by \$87,684).

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, 2021	Funding received, 2022	Revenue recognized, 2022	March 31, 2022
Federal government				
Indigenous Services Canada	\$ 1,496,226	\$ 12,789,391	\$ (9,675,333)	\$ 4,610,284
ISC - Capital projects	1,117,409	2,455,000	(918,584)	2,653,825
	2,613,635	15,244,391	(10,593,917)	7,264,109
Other				
Saskatoon Tribal Council	2,871,729	3,843,545	(3,094,254)	3,621,020
	\$ 5,485,364	\$ 19,087,936	\$ (13,688,171)	\$ 10,885,129

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

11. Long-term debt

	2022	2021
Canada Mortgage and Housing Corporation mortgage with payments of \$1,059 per month including interest at 1.13% per annum, maturing March 1, 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	\$ 49,719	\$ 61,802
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.	73,542	84,974
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.	87,662	98,800
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.	100,264	117,924
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.	168,069	180,913
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.	529,690	565,697
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.	411,721	442,563
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.	284,876	304,545

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

11. Long-term debt, continued

	2022	2021
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.	\$ 270,731	\$ 290,152
Canada Mortgage and Housing Corporation mortgage with payments of \$7,387 per month including interest at 0.80% per annum commencing September 1, 2022, maturing April 1, 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	92,248	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.	67,500	157,500
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 \$nil.	14,099	68,841
Operating loan repaid during the year.	-	20,586
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	658,781
<u>Rebellion Band Claim loan repaid during the year.</u>	<u>-</u>	<u>10,010</u>
	2,808,902	3,155,336

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

2023	\$ 911,170
2024	173,494
2025	176,243
2026	179,086
<u>2027 and thereafter</u>	<u>1,368,909</u>
	\$ 2,808,902

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

12. Tangible Capital Assets

	Cost						Accumulated amortization						2022 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year					
Land	\$ 4,500	\$ -	\$ -	\$ 4,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,500
Buildings and infrastructure	23,574,105	1,068,955	-	24,643,060	8,015,655	891,292	-	8,906,947					15,736,113
Automotive equipment	2,945,465	85,303	-	3,030,768	2,068,856	409,519	-	2,478,375					552,393
Computer equipment	587,535	59,133	-	646,668	539,636	36,498	-	576,134					70,534
Office furniture and equipment	1,494,295	-	-	1,494,295	1,361,182	23,248	-	1,384,430					109,865
Band Houses	9,493,741	32,900	-	9,526,641	8,654,334	476,332	-	9,130,666					395,975
CMHC Houses	4,888,942	332,840	-	5,221,782	1,853,998	217,921	-	2,071,919					3,149,863
	\$ 42,988,583	\$ 1,579,131	\$ -	\$ 44,567,714	\$ 22,493,661	\$ 2,054,810	\$ -	\$ 24,548,471					\$ 20,019,243

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

	Cost						Accumulated amortization						2021 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year					
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**

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13. Accumulated Surplus

	2022	2021
Operating fund	\$ (4,360,711)	\$ (1,696,598)
Capital assets	17,869,122	18,028,967
Investment fund	13,311,193	11,104,624
CMHC replacement reserve	588,816	547,476
1919 Soldier Settlement Board Surrender Trust	127,216,180	-
	\$154,624,600	\$ 27,984,469

14. Other revenue

	2022	2021
Contributions from businesses	\$ 202,504	\$ 447,512
First Nations Trust	367,296	470,789
Grants, fundraising and sales	496,683	827,749
Rental and land lease revenue	409,132	376,236
Property fees	434,025	311,651
Treaty Land Entitlement Trust	97,648	180,857
Community Development Corp	119,008	208,075
Deferred Revenue	-	160,389
	\$ 2,126,296	\$ 2,983,258

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

15. Expenses

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
Expenses			
Amortization	\$ 2,054,810	\$ 2,054,810	\$ 1,796,887
Bank charges	4,985	6,346	7,264
Contracts	590,573	750,663	436,782
Emergency assistance	83,000	194,276	136,471
Insurance	419,177	223,892	438,366
Interest on long term debt	307,175	30,343	40,086
Leases	18,985	62,579	30,730
Materials and supplies	325,350	486,665	687,257
Office	93,777	115,799	82,439
Professional development	127,213	114,094	37,967
Professional fees	280,269	766,347	642,142
Program expenses	4,475,136	4,844,130	3,641,563
Property taxes	22,300	21,318	21,468
Rent expense	-	31,509	46,127
Repairs and maintenance	702,276	1,194,950	1,135,129
Telephone	78,744	130,228	141,843
Travel and meetings	545,042	970,862	390,213
Utilities	169,965	233,622	250,217
Wages and benefits	5,569,939	6,428,564	6,107,710
	\$ 15,868,716	\$ 18,660,997	\$ 16,070,661

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

16. 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:

	2022	2021
Capital funds held in trust	\$ 468	\$ 468
Revenue funds held in trust	5	3
	<hr/> \$ 473	<hr/> \$ 471

17. 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.

18. 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, 2022

19. Budget Information

The unaudited budget data in these financial statements is based upon the 2022 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.

20. 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.

21. 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.

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

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:

	Education		2022 Budget	2021 Actual	Health		Economic Development		
	2022 Budget	2022 Actual			2022 Budget	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenues									
ISC	3,278,863	3,831,278	3,791,390	59,112	1,098,146	667,838	330,413	309,143	277,730
ISC - Health Canada	-	-	-	277,113	858,781	1,082,784	-	-	-
Saskatoon Tribal Council	284,518	61,038	467,624	1,880,366	1,263,949	1,151,622	15,500	23,736	7,264
Other revenue	118,640	102,150	248,858	(22,515)	(26,781)	155,195	859,792	1,069,626	896,944
Total revenue	3,682,021	3,994,466	4,507,872	2,194,076	3,194,095	3,057,439	1,205,705	1,402,505	1,181,938
Expenses									
Wages and benefits	1,073,056	899,048	1,004,885	1,027,651	2,148,434	1,861,399	336,006	362,050	276,727
Program expenses	2,364,836	2,462,623	2,523,912	348,080	409,262	413,346	487,509	199,319	139,049
Contracts	-	-	23,487	397,543	204,495	111,042	2,700	17,182	9,735
Repairs and maintenance	73,676	82,248	60,295	48,200	98,668	119,323	39,638	23,251	25,101
Travel and meetings	28,200	16,614	14,618	78,745	84,846	73,495	22,100	9,576	14,580
Insurance	74,145	36,740	38,470	37,770	31,560	27,432	3,150	12,369	92
Other expenses	173,840	233,066	192,742	217,803	267,290	443,107	56,200	102,397	103,832
Total expenses	3,787,753	3,730,339	3,858,409	2,155,792	3,244,555	3,049,144	947,303	726,144	569,116
Annual surplus (deficit)	(105,732)	264,127	649,463	38,284	(50,460)	8,295	258,402	676,361	612,822

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

22. Segmented information, continued

	2022 Budget	Housing 2022 Actual	2021 Actual	2022 Budget	Social Services 2022 Actual	2021 Actual	2022 Budget	Band Government 2022 Actual	2021 Actual
Revenues									
ISC	605,697	757,588	789,774	886,515	922,735	734,156	711,467	1,148,882	1,076,167
CMHC	250,970	500,858	197,258	-	-	-	-	-	-
Saskatoon Tribal Council	-	-	-	1,769,450	1,177,216	943,836	122,360	117,986	54,978
Equity income (loss) of business enterprises	-	-	-	-	-	-	-	1,970,104	2,100,647
Other revenue	87,600	79,525	187,065	10,515	599,476	(16,905)	835,089	127,329,590	4,488,114
Total revenue	944,267	1,337,971	1,174,097	2,666,480	2,699,427	1,661,087	1,668,916	130,566,562	7,719,906
Expenses									
Wages and benefits	190,800	193,311	282,421	792,555	656,215	625,913	1,455,094	1,405,914	1,339,965
Program expenses	60,770	54,170	59,097	981,074	981,950	585,185	(295,818)	443,235	(405,088)
Contracts	-	-	-	96,180	287,202	195,487	57,150	123,793	24,665
Repairs and maintenance	272,122	621,309	684,613	19,200	18,424	729	9,800	37,629	35,667
Travel and meetings	6,000	10,483	6,915	56,942	94,996	37,383	311,180	701,771	218,194
Insurance	213,481	115,149	193,023	7,217	1,514	180	21,650	(44,108)	113,800
Interest on long term debt	221,589	28,036	33,582	-	-	-	28,890	352	2,166
Other expenses	87,300	88,657	123,533	70,505	196,793	253,997	413,155	1,067,167	740,823
Total expenses	1,052,062	1,111,115	1,383,184	2,023,673	2,237,094	1,698,874	2,001,101	3,735,753	2,070,192
Annual surplus (deficit)	(107,795)	226,856	(209,087)	642,807	462,333	(37,787)	(332,185)	126,830,809	5,649,714

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

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22. Segmented information, continued

	Community Services		Public Works			
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenues						
ISC	-	-	-	601,658	1,667,364	5,817,783
Saskatoon Tribal Council	568,082	249,850	506,228	-	-	5,575
Other revenue	28,676	21,686	109,483	294,407	167,202	233,077
Total revenue	596,758	271,536	615,711	896,065	1,834,566	6,056,435
Expenses						
Wages and benefits	176,942	228,015	228,887	517,835	535,572	487,510
Program expenses	468,559	157,556	99,471	60,126	136,015	226,592
Contracts	-	-	-	37,000	117,992	72,366
Repairs and maintenance	7,200	9,923	2,058	232,440	303,498	207,342
Travel and meetings	4,275	7,452	5,447	37,600	45,124	19,582
Insurance	2,641	4,991	3,722	59,123	65,678	61,648
Interest on long term debt	-	-	-	56,696	1,955	4,338
Other expenses	15,560	26,660	37,581	170,225	180,756	188,311
Total expenses	675,177	434,597	377,166	1,171,045	1,386,590	1,267,689
Annual surplus (deficit)	(78,419)	(163,061)	238,545	(274,980)	447,976	4,788,746

Muskeg Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

22. Segmented information, continued

	2022 Budget	Amortization 2022 Actual	2021 Actual	Consolidated totals		
				2022 Budget	2022 Actual	2021 Actual
Revenues						
ISC	-	-	-	6,473,725	9,735,136	13,154,838
ISC - Health Canada	-	-	-	277,113	858,781	1,082,784
CMHC	-	-	-	250,970	500,858	197,258
Saskatoon Tribal Council	-	-	-	4,640,276	2,893,775	3,137,127
Equity income of business enterprises	-	-	-	-	1,970,104	2,100,647
Other revenue	-	-	-	2,212,204	129,342,474	6,301,831
Total revenue	-	-	-	13,854,288	145,301,128	25,974,485
Expenses						
Wages and benefits	-	-	-	5,569,939	6,428,559	6,107,707
Amortization	2,054,810	2,054,810	1,796,887	2,054,810	2,054,810	1,796,887
Program expenses	-	-	-	4,475,136	4,844,130	3,641,564
Contracts	-	-	-	590,573	750,664	436,782
Repairs and maintenance	-	-	-	702,276	1,194,950	1,135,128
Travel and meetings	-	-	-	545,042	970,862	390,214
Insurance	-	-	-	419,177	223,893	438,367
Interest on long term debt	-	-	-	307,175	30,343	40,086
Other expenses	-	-	-	1,204,588	2,162,786	2,083,926
Total expenses	2,054,810	2,054,810	1,796,887	15,868,716	18,660,997	16,070,661
Annual surplus (deficit)	(2,054,810)	(2,054,810)	(1,796,887)	(2,014,428)	126,640,131	9,903,824