

Makwa Sahgaiehcan First Nation

Consolidated Financial Statements

March 31, 2023

Makwa Sahgaiehcan First Nation

Management's Responsibility for Financial Reporting

March 31, 2023

The financial statements have been prepared by management in accordance with the Public Sector Accounting Standards (PSAS) of the Chartered Professional Accountants of Canada (CPA) and the reporting requirements of the funding agreement with Indigenous Services Canada. Financial statements are not precise since they contain certain amounts based on estimates and judgments. When alternative methods exist, management has chosen what it deems most appropriate, in the circumstances, in order to ensure that the financial statements are presented fairly in all material respects.

Management is also responsible for implementing and maintaining a system of internal controls designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss and financial records are properly maintained to provide reliable information for the presentation of consolidated financial statements.

Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The consolidated financial statements have been reviewed and approved by Chief and Council.

The Chief and Council review and approve the financial statements for issuance to Band members. The Chief and Council meet periodically with management, as well as 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 review the financial statements and the external auditors' report.

McClelland Debusschere CPA PC Inc., an independent firm of Chartered Professional Accountants, has been engaged to examine the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their report stating the scope of their examination and opinion on the consolidated financial statements, follows.



Makwa Sahgaiehcan First Nation



Date



McClelland Debusschere

Chartered Professional Accountants

Assurance Tax Advisory

Independent Auditor's Report

To the Members of
Makwa Sahgaiehcan First Nation

Opinion

We have audited the consolidated financial statements of Makwa Sahgaiehcan First Nation, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, changes 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 financial position of Makwa Sahgaiehcan First Nation as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with 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 Auditor's Responsibilities for the Audit of the 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 these consolidated financial statements in accordance with 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 these 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 a 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 to do so.

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

Auditor's 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 auditor's 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 consolidated financial statements.



McClelland Debusschere

Chartered Professional Accountants

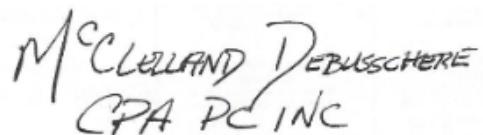
Assurance Tax Advisory

Independent Auditor's Report

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 auditor's 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 auditor's 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 first nation 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.



McClelland Debusschere
CPA P.C. Inc.

Saskatoon, SK
October 31, 2023

Chartered Professional Accountants

Makwa Sahgaiehcan First Nation

Consolidated Statement of Financial Position

March 31, 2023

	2023	2022
Financial Assets		
Cash	\$ 1,814,545	\$ 4,830,236
Restricted Assets (Note 2)	7,008,229	9,764,771
Trust Funds held by Federal Government (Note 3)	413,114	378,933
Inventory held for resale (Note 4)	240,539	170,456
Accounts receivable (Note 5)	3,833,987	1,958,597
Due from related parties (Note 6)	1,530,739	1,204,882
Related party loans receivable (Note 7)	1,391,166	305,374
Portfolio investments (Note 8)	7,244	7,244
Investments in government business enterprises (Note 9)	508,612	602,674
Limited Partnership Interests (Note 10)	14,384,608	12,747,922
	\$ 31,132,783	\$ 31,971,089
Financial Liabilities		
Accounts payable (Note 11)	2,973,401	2,769,263
Due to related parties (Note 12)	99	17,567
Unexpended revenue (Note 13)	7,815,414	8,853,434
Long term debt (Note 14)	8,990,458	10,140,243
	19,779,372	21,780,507
Net Financial Assets	11,353,411	10,190,582
Non-financial Assets		
Tangible capital assets (Note 15)	41,831,733	37,029,803
Accumulated Surplus (Note 16)	\$ 53,185,144	\$ 47,220,385
Contingencies (Note 17)		

Approved on behalf of the Makwa Sahgaiehcan First Nation

 _____, Chief
 _____, Councilor

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Consolidated Statement of Operations

For the Year Ended March 31, 2023

	2023 Budget	2023	2022
Revenue			
Grants and Contributions			
Indigenous Services Canada (Note 18)	\$ 20,666,680	\$ 24,830,279	\$ 22,998,107
Ottawa Trust (Note 3)	50,000	34,182	44,599
Health Canada	75,000	-	-
Meadow Lake Tribal Council	4,882,000	6,213,954	5,115,484
Saskatchewan Lotteries	12,000	11,935	11,709
Canada Mortgage and Housing	820,000	1,200,898	910,008
Northern Lights Community Development	-	99,833	-
First Nations Trust	400,000	652,763	295,676
Earnings in GBE (Note 9)	-	(94,062)	234,464
Limited Partnership Earnings (Note 10)	4,400,000	3,114,463	3,158,497
Interest	(135,000)	125,678	5,938
Makwa Store Sales	3,500,000	5,253,093	4,325,966
Rent	447,000	517,666	483,486
Other revenue	406,000	2,308,699	793,670
Recognition (deferral) of unexpended funding (Note 13)	(100,000)	1,038,022	2,087,883
	35,423,680	45,307,403	40,465,487
Expenses			
Reserves & Trusts (Schedule 1)	117,400	286,239	123,806
Education (Schedule 2)	5,771,280	8,384,890	6,323,596
Social Services (Schedule 3)	4,876,000	3,355,127	2,905,857
Infrastructure (Schedule 4)	1,055,000	2,128,949	1,295,819
Band Support (Schedule 5)	2,295,000	5,414,786	3,102,586
Capital (Schedule 6)	5,070,000	2,808,334	2,167,056
Health (Schedule 7)	4,922,000	6,801,773	4,211,769
Band Programs (Schedule 8)	2,373,500	4,127,645	2,666,749
Other Programs (Schedule 9)	4,186,000	6,034,901	5,254,044
	30,666,180	39,342,644	28,051,282
Current surplus			
Accumulated surplus - Beginning of the year	4,757,500	5,964,759	12,414,205
Accumulated surplus - End of the year (Note 16)	47,220,385	47,220,385	34,806,180
Expense by object disclosure (Note 19)	\$ 51,977,885	\$ 53,185,144	\$ 47,220,385

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Consolidated Statement of Changes in Net Financial Assets For the Year Ended March 31, 2023

	2023 Budget	2023	2022
Current surplus	\$ 4,757,500	\$ 5,964,759	\$ 12,414,205
Acquisition of tangible capital assets	-	(6,555,979)	(7,575,848)
Amortization of tangible capital assets	1,466,000	1,754,049	1,656,066
Decrease in prepaid expenses	-	-	35,647
Change in net financial assets during the year	6,223,500	1,162,829	6,530,070
Net financial assets - Beginning of year	10,190,582	10,190,582	3,660,512
Net financial assets - End of year	\$ 16,414,082	\$ 11,353,411	\$ 10,190,582

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Consolidated Statement of Cash Flows

For the Year Ended March 31, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Current surplus	\$ 5,964,759	\$ 12,414,205
Non-cash items:		
Amortization	1,754,049	1,656,066
Change in working capital items:		
Change in trust funds held by Federal Government	(34,181)	(44,599)
Change in inventory held for resale	(70,080)	(25,858)
Change in accounts receivable	(1,875,392)	(1,270,385)
Change in due from MSFN Construction Company LP	(325,857)	(488,102)
Change in accounts payable	204,138	698,060
Change in due to related parties	(17,468)	13,768
Change in unexpended revenue	(1,038,022)	(2,087,883)
Change in prepaid	-	35,647
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	4,561,946	10,900,919
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in restricted assets	2,756,542	(5,845,937)
Distributions received from LP interests	1,477,778	1,117,222
Loss (earnings) from GBEs	94,062	(234,464)
Earnings from LP interests	(3,114,463)	(3,158,497)
NET CASH USED BY INVESTING ACTIVITIES	1,213,919	(8,121,676)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds of long term debt	95,864	542,344
Repayment of long term debt	(1,245,649)	(1,227,724)
Change in related party loans receivable	(1,085,792)	(305,374)
NET CASH USED BY FINANCING ACTIVITIES	(2,235,577)	(990,754)
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Tangible capital assets additions	(6,555,979)	(7,575,848)
Net cash increase (decreases) in cash	(3,015,691)	(5,787,359)
Cash at beginning of period	4,830,236	10,617,595
Cash at end of period	\$ 1,814,545	\$ 4,830,236

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

1. Significant Accounting Policies

Makwa Sahgaiehcan First Nation is an Indian Band subject to the provisions of the Indian Act. These financial statements include Makwa Sahgaiehcan First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

The reporting entity Makwa Sahgaiehcan First Nation is governed by elected officials from the Makwa Sahgaiehcan First Nation.

a. Basis of Accounting

These financial statements have been prepared in accordance with CPA Canada Public Sector Accounting Standards prescribed for governments.

b. Reporting entity

The Makwa Sahgaiehcan First Nation reporting entity includes the Makwa Sahgaiehcan First Nation government and all related entities, which are accountable to the First Nation and are either owned or controlled by the First Nation.

c. Principles of consolidation

These financial statements consolidate the assets, liabilities, and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

Makwa Sahgaiehcan First Nation - Operations
Makwa Sahgaiehcan First Nation - CMHC Housing Fund
Makwa Sahgaiehcan First Nation - Store Enterprise

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Under the modified equity method of accounting, only Makwa Sahgaiehcan First Nation's investment in the government business enterprise or government business partnership and the enterprise's 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 Makwa Sahgaiehcan First Nation. Entities recorded under the modified equity method include:

Makwa Lake Development Co.
Meadow Lake Resource Development Limited Partnership
Makwa Sahgaiehcan First Nation Economic Development LP
Makwa Sahgaiehcan First Nation Economic Development Ltd

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

1. Significant Accounting Policies continued

d. Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

e. Net debt or net financial assets

The financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt or net financial assets is determined by its financial assets less liabilities. Net debt or net financial assets is comprised of two components, non-financial assets and accumulated surplus.

f. Cash

Cash includes cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of 90 days or less at acquisition which are held for the purpose of meeting short-term cash commitments.

Any cash that is legally restricted from use is recorded in restricted assets. Cash and deposits are considered restricted when they are subject to contingent rights of third parties.

g. Inventory held for resale

Inventory is stated at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

h. Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amounts required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2023.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it's settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

It has been assessed by management that as at March 31, 2023 there was no liability.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

1. Significant Accounting Policies continued

i. 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 Makwa Sahgaiehcan First Nation's incremental cost of borrowing.

Amortization is provided for over the estimated useful lives of the assets. No amortization is recorded in the year of acquisition.

Makwa Sahgaiehcan First Nation:

Roads	25 years Straight line
Buildings	50 years Straight line
Housing	40 years Straight line
Equipment	5 years Straight line
Vehicles and machinery	4 years Straight line
Infrastructure	50 years Straight line

Makwa Store:

Building	5% Declining balance
Equipment	10% Declining balance
Computer equipment	4 years Straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to Makwa Sahgaiehcan First 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 revenue at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

1. Significant Accounting Policies continued

j. Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable and member advances are assessed for collectability annually and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements.

k. Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

I. Internal charges and transfers

The central administration office provides services to other program areas. To recognize the cost of these services a corresponding revenue and expense is recorded and referred to as "Administration fees."

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

1. Significant Accounting Policies continued

m. 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 not practicable.

Government transfers, which includes transfers from Indigenous Services Canada, the revenue trust, Health Canada, Meadow Lake Tribal Council, the Government of Saskatchewan, Saskatchewan Lotteries, Canada Mortgage and Housing Corporation, Northern Lights Community Development Corporation, and First Nations Trust 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 a specific purpose.

Other revenues, which include administration fees, expense recoveries, sales tax refunds, interest, rent, and sales at the Makwa Store are recognized when they are earned.

Earnings from government business enterprises and limited partnerships are recorded based on the modified equity method, based on the ownership percentage held and reported income of the other entities.

Revenue related to fees or services received in advance of the fee being earned or the service performed is deferred and recognized when the fee is earned or service performed. Revenue is recorded in the period specified in the funding agreements entered into with government agencies and other organizations. Funds received in advance of making the related expenses are reflected as deferred revenue in the year of receipt and classified as such in the financial statements. Any funding received pursuant to an agreement that does not have a provision for the deferral of unexpended funds is reported as a repayment of revenue.

n. Recognition of expenses

Expenses are accounted for in the period the goods or services are acquired and a liability is incurred or transfers are due.

o. Investments

Portfolio investments are recorded using the cost method. Any impairment in these investments which is other than temporary is charged against the amount the investment is reported at.

p. Pension plan

Makwa Sahgaiehcan First Nation provides a defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

1. Significant Accounting Policies continued

q. Leased assets

Leased assets that transfer substantially all the benefits and risks of ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred. No assets under capital lease, or obligations under capital lease existed as of March 31, 2023.

r. Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust monies consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

s. Other Economic Interests

The First Nation is a member of the Meadow Lake Tribal Council (MLTC). The Meadow Lake Tribal Council is an organization of nine nations.

The First Nation does not either share in the control or the profit or loss of Meadow Lake Tribal Council. As a result, the financial statements of the MLTC have not been consolidated or proportionately consolidated with the financial statements of Makwa Sahgaiehcan First Nation.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements For the Year Ended March 31, 2023

2. Restricted Assets

The First Nation has received federal assistance through the CMHC, pursuant to Section 95 of the National Housing Act, to reduce mortgage interest and enable the First Nation to provide housing to members. The continuation of this interest rate reduction is contingent on the First Nation being in compliance with the terms of the agreement, which requires that a monthly amount be set aside to provide for major renovations to First Nation housing in future years.

The First Nation has established a replacement reserve to ensure replacement of buildings financed by the CMHC, as well as a reserve related to surpluses generated in the post-1997 program, which are to be set aside and used to meet future subsidy requirements of income tested occupants over and above the maximum federal assistance.

The CMHC reserve funds must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by the CMHC. Reserve withdrawals are credited first to interest and then to principal.

Cash received to complete capital projects is held in separate bank accounts or guaranteed investment certificates.

Restricted assets are comprised of the following:

	2023	2022
Term deposit held on behalf of MSFN Construction LP. Issued May 4, 2022, matures May 4, 2024, bearing interest at 3.60%.	\$ 5,703,569	\$ 5,594,380
CMHC - Funded reserves	1,193,545	1,207,056
Funds held for capital projects	111,115	2,963,335
	<u>\$ 7,008,229</u>	<u>\$ 9,764,771</u>

3. Trust funds held by federal government

	2023	2022		
	Revenue	Capital	Total	Total
Surplus, beginning of year	\$ 318,867	\$ 60,066	\$ 378,933	\$ 334,333
Lease revenue	22,415	-	22,415	37,987
Interest income	11,766	-	11,766	6,613
	<u>\$ 353,048</u>	<u>\$ 60,066</u>	<u>\$ 413,114</u>	<u>\$ 378,933</u>

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

4. Inventory held for resale

Inventory consists of the following:

	2023	2022
Grocery & confectionary	\$ 143,400	\$ 111,523
Gas	67,917	23,295
Tobacco	29,223	35,638
	\$ 240,540	\$ 170,456

5. Accounts Receivable

	2023	2022
Trade receivables		
Trade accounts receivable	\$ 189,029	\$ 208,019
Receivable from employees	146,857	139,119
	335,886	347,138
Allowance for doubtful accounts	(192,537)	(69,521)
	143,349	277,617
 Meadow Lake Tribal Council	 2,275,632	988,457
Indigenous Services Canada	984,812	573,655
CMHC special contribution	241,500	-
Northern Lights Community Development Corporation	97,333	26,340
CMHC Subsidy	79,950	79,950
Sales tax receivable	11,411	12,578
	3,690,638	1,680,980
	\$ 3,833,987	\$ 1,958,597

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

6. Due from related parties

Makwa Sahgaiehcan First Nation has provided advances to related parties that are unsecured, non-interest bearing, and are not subject to a fixed repayment schedule. These transactions are in the normal course of business for fair consideration that is mutually agreed upon by the related parties. Advances due from related parties consist of the following:

	2023	2022
Due from MSFN Construction Company LP	\$ 1,191,590	\$ 1,204,882
Due from Makwa Lake Development Co	297,249	-
Due from MSFN Economic Development Corporation Ltd	41,900	-
	\$ 1,530,739	\$ 1,204,882

7. Related party loans receivable

Makwa Sahgaiehcan First Nation conducts business transactions with Makwa Sahgaiehcan First Nation Construction Company LP and Makwa Sahgaiehcan First Nation Economic Development Company Ltd. During the year, Makwa Sahgaiehcan First Nation financed one capital assets on behalf of Makwa Sahgaiehcan First Nation Construction Company LP and the purchase of Country Choice Meats on behalf of Makwa Sahgaiehcan First Nation Economic Development Company Ltd. Further, two capital assets were financed on behalf of Makwa Sahgaiehcan First Nation Construction Company LP in 2022.

These transactions are in the normal course of business for fair consideration that is mutually agreed upon by the related parties. The balance owing to the First Nation is subject to fixed repayment terms. Interest is charged to Makwa Sahgaiehcan First Nation Construction Company LP at the same rates as interest is charged to the First Nation, see note 14.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

8. Portfolio investments

The First Nation holds the following Investments:

	2023	2022
MLTC Resource Development Inc.		
1 Class A common share (11% ownership)	\$ 1	\$ 1
MLTC Program Services Inc.		
1 Class A common share (11% ownership)	1	1
MLTC Health & Social Development Inc.		
1 Class A common share (11% ownership)	1	1
First Nations Bank		
537 common shares	940	940
Meadow Lake Co-operative Ltd.		
Current equity	6,301	6,301
	<hr/>	<hr/>
	\$ 7,244	\$ 7,244

The First Nation entered into shareholder agreements with eight other First Nations to explore business opportunities with Meadow Lake Tribal Council (MLTC).

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

9. Investments in government business enterprises

Government business enterprises are those organizations that meet the definition of government business enterprises as described by Public Sector Accounting Standards of CPA Canada. Government business enterprises have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government. The First Nation owns a 100% interest Makwa Lake Development Co and MSFN Economic Development Company Ltd.

Summarized financial information for the investments in government business enterprises for the year ended December 31, 2022 is as follow:

	Makwa Lake Development Co	MSFN Economic Development Company Ltd	2022	Makwa Lake Development Co	MSFN Economic Development Company Ltd	2021
Cash	\$ 557,384	\$ -	\$ 557,384	\$ 387,710	\$ -	\$ 387,710
Other Assets	250,985	(1,667)	249,318	223,314	3,411	226,725
	808,369	(1,667)	806,702	611,024	3,411	614,435
Liabilities	262,990	35,101	298,091	11,561	201	11,762
Equity	545,379	(36,768)	508,611	599,463	3,210	602,673
	808,369	(1,667)	806,702	611,024	3,411	614,435
Revenues	308,531	(4,978)	303,553	478,723	3,110	481,833
Expenses	362,615	35,000	397,615	247,368	-	247,368
Net Income	\$ (54,084)	\$ (39,978)	\$ (94,062)	\$ 231,355	\$ 3,110	\$ 234,465

The First Nation's government business enterprises consist of the following:

	Makwa Lake Development Co	MSFN Economic Development Company Ltd	2023	Makwa Lake Development Co	MSFN Economic Development Company Ltd	2022
Balance, beginning of the year	\$ 599,464	\$ 3,210	\$ 602,674	\$ 368,109	\$ 100	\$ 368,209
Share of earnings	(54,084)	(39,978)	(94,062)	231,355	3,110	234,465
	\$ 545,380	\$ (36,768)	\$ 508,612	\$ 599,464	\$ 3,210	\$ 602,674

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

10. Limited Partnership Interests

The First Nation has an 11.1% interest in a limited partnership, MLTC Resource Development Limited Partnership (year end - March 31), and a 99% interest in MSFN Economic Development Company LP (year end - December 31). Summarized financial information for the limited partnership interests as at their individual year ends is as follows:

	MLTC Resource Development LP	MSFN Economic Development Company LP	2023	MLTC Resource Development LP	MSFN Economic Development Company LP	2022
Cash	\$ 2,228,908	\$ -	\$ 2,228,908	\$ 604,020	\$ -	\$ 604,020
Other Assets	128,942,629	(92,623)	128,850,006	113,859,881	155,041	114,014,922
	<u>131,171,537</u>	<u>(92,623)</u>	<u>131,078,914</u>	<u>114,463,901</u>	<u>155,041</u>	<u>114,618,942</u>
Liabilities	595,708	198	595,906	855,190	198	855,388
Equity	130,575,829	(92,821)	130,483,008	113,608,711	154,843	113,763,554
	<u>131,171,537</u>	<u>(92,623)</u>	<u>131,078,914</u>	<u>114,463,901</u>	<u>155,041</u>	<u>114,618,942</u>
Revenue	30,908,757	(247,663)	30,661,094	27,396,351	154,743	27,551,094
Expenses	641,637	-	641,637	321,566	-	321,566
Net income	<u>\$ 30,267,120</u>	<u>\$ (247,663)</u>	<u>\$ 30,019,457</u>	<u>\$ 27,074,785</u>	<u>\$ 154,743</u>	<u>\$ 27,229,528</u>

The First Nation's limited partnership interests consist of the following:

	MLTC Resource Development LP	MSFN Economic Development Company LP	2023	MLTC Resource Development LP	MSFN Economic Development Company LP	2022
Balance, beginning of the year	\$ 12,594,628	\$ 153,294	\$ 12,747,922	\$ 10,706,548	\$ 99	\$ 10,706,647
Share of earnings	3,359,650	(245,186)	3,114,464	3,005,302	153,195	3,158,497
Distributions received	(1,477,778)	-	(1,477,778)	(1,117,222)	-	(1,117,222)
	<u>\$ 14,476,500</u>	<u>\$ (91,892)</u>	<u>\$ 14,384,608</u>	<u>\$ 12,594,628</u>	<u>\$ 153,294</u>	<u>\$ 12,747,922</u>

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

11. Accounts payable

	2023	2022
Supplier accounts	\$ 1,541,229	\$ 906,805
School division tuition payable	1,243,890	1,603,421
Wages payable	180,094	104,460
Sales tax payable	4,969	3,968
Employee source deductions payable	3,219	724
Group insurance payable	-	109,859
Pension payable	-	40,026
	\$ 2,973,401	\$ 2,769,263

12. Due to related parties

Makwa Sahgaiehcan First Nation has received advances from its related entities that are unsecured, non-interest bearing, and are not subject to a fixed repayment schedule. These transactions are in the normal course of business for fair consideration that is mutually agreed upon by the related parties. Advances due to related parties consist of the following:

	2023	2022
Due to MSFN Economic Development Company LP	\$ 99	\$ 99
Due to Makwa Lake Development Co.	-	17,368
Due to MSFN Economic Development Company Ltd	-	100
	\$ 99	\$ 17,567

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements For the Year Ended March 31, 2023

13. Unexpended revenue

ISC funding agreements stipulate the terms and conditions that apply to situations where revenue received exceeds expenditures. Depending on the funding arrangement the unexpended funds may be retained by the recipient, repaid to ISC, deferred to the following year, or transferred to another ISC program area. Any funding arrangements that have a provision that allows the recipient to retain the excess funds are recorded as surpluses. All other excess funds are recorded as a liability and classified as "Unexpended funds" on the financial statements.

	Balance, beginning of the year	Contributions received (recognized)	2023
ISC Capital funding			
School	\$ 2,469,773	\$ (1,695,668)	774,105
Lagoon	2,155,518	(1,412,050)	743,468
Fire hall & equipment	700,000	(160,631)	539,369
Drainage & roads	58,210	584,580	642,790
Water distribution upgrades	100,000	(23,160)	76,840
School Portable Replacement	-	56,980	56,980
	5,483,501	(2,649,949)	2,833,552
ISC Funding			
EMAP 2 (Covid)	713,134	326,688	1,039,822
Nursing	1,087,124	(337,786)	749,338
Contaminated Sites Assessment Steps 7-9	-	675,000	675,000
Capacity Building	-	495,000	495,000
Women's Shelter	-	469,486	469,486
FN Representative	-	331,874	331,874
Residential Schools Missing Children	-	319,793	319,793
Food Funding (Covid)	301,558	(103,200)	198,358
Specific Claim	-	73,260	73,260
Asset management plan	60,000	-	60,000
Work Experience Program	-	49,706	49,706
Governance capacity - planning/ risk management	57,677	(18,437)	39,240
LEDSP Targeted Ec Dev	-	27,000	27,000
Closing the gap	-	22,500	22,500
Contaminated site assessment steps 5-6	168,292	(155,476)	12,816
Immediate Needs Housing	-	12,351	12,351
Housing Management Subsidy Capacity	-	11,725	11,725
Security (Covid)	350,322	(350,322)	-
Community infrastructure	69,418	(69,418)	-
Governance capacity - financial management	50,000	(50,000)	-
Meat processing plant business plan	24,850	(24,850)	-
Contaminated site assessment steps 1-4	20,000	(20,000)	-
Governance capacity - law making	12,500	(12,500)	-

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

13. Unexpended revenue continued

	Balance, beginning of the year	Contributions received (recognized)	2023
ISC Funding - Continued			
Governance capacity - HR management	12,500	(12,500)	-
Governance capacity - leadership	12,000	(12,000)	-
Governance capacity - membership	12,000	(12,000)	-
Governance capacity - basic administration	8,000	(8,000)	-
	2,959,375	1,627,894	4,587,269
Other Funding			
MLTC - Headstart	365,421	(89,458)	275,963
Northern Lights Project	45,137	73,493	118,630
	410,558	(15,965)	394,593
	\$ 8,853,434	\$ (1,038,020)	\$ 7,815,414

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements For the Year Ended March 31, 2023

14. Long-term debt

The First Nation has the following long-term debt outstanding, and mortgages outstanding with Canada Mortgage and Housing Corporation (CMHC). The CMHC mortgages are secured by ministerial loan guarantees, and relate to the construction of on reserve housing. The First Nation receives a subsidy from CMHC to assist with the payment of principal and interest of the mortgages.

	2023	2022
Bank loan with First Nations Bank repayable at \$77,308 quarterly plus interest at 6.91%. Loan matures in 2024. Secured with a general security agreement.	\$ 309,237	\$ 618,469
Bank loan with First Nations Bank repayable at \$2,904 per month including interest at the prime rate + 2.45%. Loan matures in 2023. Secured with a general security agreement.	268,407	275,824
Finance contract with Caterpillar Financial Services Ltd, repayable at \$4,746 per month including interest at 4.99%. Secured by the equipment being financed, owned by MSFN Construction Company LP.	104,408	155,423
Finance contract with Brandt Finance, repayable at \$1,898 per month including interest at 7.00%. Secured by the equipment being financed, owned by MSFN Construction Company LP.	80,698	-
Bank loan with First Nations Bank repayable at \$4,541 every three months plus interest monthly at the prime rate + 2.50%. Loan matures in 2027. Secured with a general security agreement.	77,198	95,362
Finance contract with Brandt Finance, repayable at \$1,894 per month including interest at 6.95%. Secured by the equipment being financed, owned by MSFN Construction Company LP.	42,328	61,391
Finance contract with Case New Holland repayable at \$2,577 per month including interest at 5.75%. Secured by the equipment being financed (net book value - \$136,000)	39,623	67,397
Finance contract with Ford Credit repayable at \$1,345 per month including interest at 5.99%. Loan matured in 2023. Secured by the vehicle being financed (net book value - \$17,400).	-	15,631
Finance contract with Ford Credit repayable at \$1,099 per month including interest at 2.99%. Loan matured in 2023. Secured by the vehicle being financed (net book value - \$15,293).	-	2,213
	921,899	1,291,710

CMHC Mortgages

CMHC, repayable at \$1,019/month including interest at 0.69%. The mortgage's term expires August 1, 2024.	17,239	29,308
CMHC, repayable at \$672/month including interest at 0.68%. The mortgage term expires May 1, 2025.	17,336	25,251
CMHC, repayable at \$1,561/month including interest at 0.79%. The mortgage term expires January 1, 2026.	88,780	106,730
CMHC, repayable at \$2,111/month including interest at 0.65%. The mortgage term expires March 1, 2025.	50,339	75,264
CMHC, repayable at \$5,468/month including interest at 3.12%. The mortgage term expires April 1, 2028.	535,067	583,629
CMHC, repayable at \$1,965/month including interest at 1.86%. The mortgage term expires April 1, 2024	130,317	151,277
CMHC, repayable at \$1,941/month including interest at 0.96%. The mortgage term expires March 1, 2026.	272,615	293,192
CMHC, repayable at \$5,501/month including interest at 2.50%. The mortgage term expires June 1, 2023.	837,062	881,650
CMHC, repayable at \$3,002/month including interest at 2.22%. The mortgage term expires January 1, 2024.	196,962	228,255
CMHC, repayable at \$4,352/month including interest at 0.79%. The mortgage term expires January 1, 2026.	339,091	388,437
CMHC, repayable at \$4,541/month including interest at 1.13%. The mortgage term expires June 1, 2026.	404,220	453,853
CMHC, repayable at \$4,920/month including interest at 1.50%. The mortgage term expires July 1, 2027.	462,258	513,961
CMHC, repayable at \$5,766/month including interest at 1.01%. The mortgage term expires August 1, 2026.	494,258	558,119
CMHC, repayable at \$19,336/month including interest at 2.39%. The mortgage term expires May 1, 2023.	2,063,354	2,243,969
CMHC, repayable at \$7,360/month including interest at 1.69%. The mortgage term expires September 1, 2024.	922,732	994,849
CMHC, repayable at \$8,183/month including interest at 1.12%. The mortgage term expires on October 1, 2026.	1,236,929	1,320,789
	8,068,559	8,848,533
	\$ 8,990,458	\$ 10,140,243

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

14. Long-term debt continued

Assuming renewal on comparable terms, principal payments required on long term debt for the next five years and thereafter are as follows:

	Bank debt & financing contracts	CMHC Mortgages	Total
2024	\$ 462,958	\$ 792,335	\$ 1,255,293
2025	135,167	798,751	933,918
2026	54,643	775,269	829,912
2027	56,922	787,744	844,666
2028	24,225	798,724	822,949
Subsequent	187,984	4,115,736	4,303,720
	<u>\$ 921,899</u>	<u>\$ 8,068,559</u>	<u>\$ 8,990,458</u>

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements

For the Year Ended March 31, 2023

15. Tangible Capital Assets

March 31, 2023	Land	CMHC Houses	First Nation Houses	Buildings	Infrastructure & Roads	Equipment	Vehicles	Assets under construction	Total
Cost									
Balance, beginning of year	\$ 11,186	\$ 14,911,440	\$ 11,810,399	\$ 15,508,254	\$ 10,379,712	\$ 1,841,485	\$ 944,042	\$ 8,810,146	\$ 64,216,664
Additions	-	-	-	200,000	-	533,613	69,645	5,752,721	6,555,979
Balance, end of year	11,186	14,911,440	11,810,399	15,708,254	10,379,712	2,375,098	1,013,687	14,562,867	70,772,643
Accumulated amortization									
Balance, beginning of year	-	4,648,436	10,802,050	6,673,339	2,846,533	1,552,036	664,467	-	27,186,861
Amortization	-	779,974	295,260	309,783	198,141	56,720	114,171	-	1,754,049
Balance, end of year	-	5,428,410	11,097,310	6,983,122	3,044,674	1,608,756	778,638	-	28,940,910
Net Book Value, end of Year	11,186	9,483,030	713,089	8,725,132	7,335,038	766,342	235,049	14,562,867	41,831,733
March 31, 2022									
Cost									
Balance, beginning of year	11,186	13,540,407	11,810,399	15,508,254	10,379,712	1,826,474	798,320	2,766,064	56,640,816
Additions	-	1,371,033	-	-	-	15,011	145,722	7,415,115	8,946,881
Disposals	-	-	-	-	-	-	-	(1,371,033)	(1,371,033)
Balance, end of year	11,186	14,911,440	11,810,399	15,508,254	10,379,712	1,841,485	944,042	8,810,146	64,216,664
Accumulated amortization									
Balance, beginning of year	-	3,925,674	10,506,790	6,363,471	2,648,392	1,484,019	602,449	-	25,530,795
Amortization	-	722,762	295,260	309,868	198,141	68,017	62,018	-	1,656,066
Balance, end of year	-	4,648,436	10,802,050	6,673,339	2,846,533	1,552,036	664,467	-	27,186,861
Net Book Value, end of year	\$ 11,186	\$ 10,263,004	\$ 1,008,349	\$ 8,834,915	\$ 7,533,179	\$ 289,449	\$ 279,575	\$ 8,810,146	\$ 37,029,803

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

16. Accumulated surplus

	2023	2022
Equity in capital assets	\$32,841,237	\$26,889,560
Equity in investments	15,157,584	13,357,641
CMHC replacement reserves	1,851,847	1,465,433
CMHC operating reserve	770,589	829,167
Operating fund	2,563,887	4,678,584
	\$53,185,144	\$47,220,385

- The operating fund reports on the general activities of the First Nation's administration;
- Equity in capital assets represents accumulated surplus amounts not available for operations, but rather past transactions creating capital assets that will be used to provide future services;
- Equity in investments reports on commercial business operations or partnerships owned by the First Nation; and
- The CMHC reserves are replacement and operating reserves required to be funded for future housing replacements, as per agreements with CMHC.

17. Contingency

In March 2020, Makwa Sahgaiehcan First Nation initiated a treaty benefit and surrender claim against Her Majesty the Queen in Right of Canada asserting a breach of treaty arising from the unlawful surrender of reserve land and failure to provide treaty benefits under the terms of Treaty 6. Makwa Sahgaiehcan First Nation has obtained insurance to mitigate any risk that the settlement proceeds at the time a claim is resolved are less than the total loan outstanding.

As of March 31, 2023, the entity has a drawdown for expenses totalling \$1,270,393 relating to the surrender claim and \$619,119 relating to the treaty benefit claim. Makwa Sahgaiehcan First Nation anticipates that these costs will be covered through settlement proceeds, however due to the uncertain nature regarding the repayment of these loans, the expenses have been omitted from the financial statements and are only disclosed until the claim is finalized or the insurance proceeds are paid. Upon finalization of the claim, amounts will be recognized in revenue and expenses.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

18. Reconciliation of ISC revenue

ISC revenue consists of the following

	2023	2022
ISC - Block Contribution	\$14,901,407	\$12,754,453
ISC - Flexible Contribution	6,774,072	7,179,576
ISC - Fixed Contribution	2,537,821	2,248,090
ISC - Set contribution	616,979	879,895
Receivable (payable) to ISC	-	(63,907)
	\$24,830,279	\$22,998,107

The following is a reconciliation of the funds received from ISC:

	2023	2022
Balance received per ISC confirmation	\$24,830,279	\$23,062,014
Current year receivable (payable)		
Funerals & burials	-	(63,907)
	\$24,830,279	\$22,998,107

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

19. Expenses by object

	2023	2023	2022
	Budget	Actual	Actual
Salaries and benefits	\$ 8,312,900	\$10,352,577	\$ 9,403,934
Contracted Services	5,448,000	6,869,755	7,564,083
Cost of Sales	2,718,000	4,077,325	3,723,100
Supplies	1,563,500	3,960,360	2,288,308
Social Assistance	3,787,000	2,262,745	1,646,199
Fees	1,672,500	2,206,183	1,130,118
Activities	765,500	2,084,168	596,715
Travel	645,000	1,844,726	976,508
Amortization	1,466,000	1,754,049	1,656,066
Professional fees	287,000	1,515,446	631,400
Assistance	627,000	1,377,020	600,115
Student Tuition & Allowances	1,018,280	1,173,425	1,215,653
Utilities	599,000	1,158,153	1,160,536
Repairs and maintenance	691,500	1,083,389	778,284
Other operating expenses	274,000	821,650	383,517
Vehicle operation	218,000	779,690	583,278
Rent	405,000	625,166	571,942
Meetings & workshops	189,000	356,779	162,063
Interest and bank charges	101,000	313,658	243,103
Insurance	132,000	205,168	158,144
Advertising and Sponsorship	-	79,352	8,200
Bad debt expense (recovery)	1,000	43,800	(234,176)
Honorarium	8,000	42,177	15,172
Professional Development	22,000	12,696	736
Memberships and licenses	-	2,526	2,724
Total expenses before transfers	30,951,180	45,001,983	35,265,722
Transfer to MSFN Economic Development Company Ltd.	-	300,390	-
Transfer to Makwa Lake Development Co.	-	-	163,051
Transfer to capital assets	-	(5,959,729)	(7,377,491)
	\$30,951,180	\$39,342,644	\$28,051,282

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

20. CMHC housing restricted funds

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the First Nation established the following:

- The replacement reserve to ensure replacement of capital equipment and for major repairs to housing units, which requires an annual cash allocation of \$145,650 to the reserve. At March 31, 2023, the reserve is required to be funded to a level of \$1,851,847 (2022 - \$1,465,433). At March 31, 2023, the cash balance in the reserve is \$1,192,337 (2022 - \$1,205,847).
- An operating surplus reserve established for housing units under the Post 1997 Fixed Subsidy Program which requires surpluses to be funded with cash. Future operating losses are able to draw on the reserve funds to sustain operations. At March 31, 2023, the reserve is required to be funded to a level of \$770,589 (2022 - \$829,167). At March 31, 2023, the cash balance in the reserve is \$1,208 (2022 - \$1,208).

In accordance with terms of the agreement, CMHC reserve monies must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

21. Contingent liabilities

Makwa Sahgaiehcan First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Makwa Sahgaiehcan First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Makwa Sahgaiehcan First Nation's financial statements. None are required to be recorded at this time.

22. Economic dependence

Makwa Sahgaiehcan First Nation receives a significant portion of its revenue pursuant to a funding arrangement with Indigenous Services Canada.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

23. ISC funding

The First Nation (Recipient) receives funding from Indigenous Services Canada (ISC) by entering into an agreement with ISC.

There are five approaches that ISC may consider in the design and delivery of transfer payment programs:

1. Grant approach – A grant is a transfer payment that is subject to pre-established eligibility and other entitlement criteria. Recipients are not required to account for the grant, but they may be required to report on results. The grant funding approach can be used for any duration of time necessary to achieve program results.
2. Set contribution approach – A set contribution is a transfer payment that is subject to performance conditions outlined in a funding agreement. Set contributions must be accounted for and are subject to audits. Funds are to be expended as identified in the funding agreement and cannot be redirected to other programs. Any unspent funding and any funding spent on ineligible expenditure must be returned to ISC annually.
3. Fixed contribution approach – Fixed contribution funding is an option where annual funding amounts are established on a formula basis or where the total expenditure is based on a fixed-cost approach. Fixed funding is distributed on a program basis. It is possible under this approach for recipients to keep any unspent funding provided that program requirements set out in the funding agreement have been met and the recipient agrees to use the unspent funds for purposes consistent with the program objectives or any other purpose agreed to by ISC. A plan must be submitted and approved by ISC prior to spending the unspent funds. If the funds are not spent according to the plan within the agreed upon time period they will be recovered by ISC.
4. Flexible contribution approach – Flexible contribution funding is an option which allows funds to be moved within cost categories of a single program during the life of the project/agreement. However, unspent funds must be returned to ISC at the end of the project, program or agreement.
5. Block contribution approach – Block contribution funding is an option which allows funds to be reallocated within the block of programs during the agreement, as long as progress towards program objectives is being achieved. It is possible under this approach for recipients to keep any unspent funding provided that program delivery standards have been met and the recipient agrees to use the unspent funding for purposes consistent with the block program objectives or any other purpose agreed to by ISC.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

24. Segmented information

As previously discussed in note 1 (k) the First Nation conducts its business through reportable segments as follows:

1 - Indigenous Services Canada (ISC)

Reserves & Trust: Costs associated with the negotiation, settlement and implementation of specific claims and comprehensive land claim agreements as well as special claims and self-government agreements.

Education: Costs to support First Nation and Inuit communities in expressing, preserving, developing and promoting their cultural heritage, through the establishment and operation of First Nation and Inuit cultural education centres and programs. Costs to provide eligible students living on reserve and eligible Inuit with elementary/secondary education programs and services including instructional services in federal, provincial, band-operated schools, or a private/independent school (recognized by the province in which the school is located as an elementary/secondary institution), and student support services such as transportation, accommodation, guidance and counselling services. Costs associated with ISC's First Nations and Inuit Youth Employment Strategy to develop and enhance essential employability skills, such as communication, problem solving, and working with others, expose youth to a variety of career options, and promote the benefits of education as being key to labour market participation. Also, costs to support eligible First Nation and Inuit students to access education opportunities at the post-secondary level and supports the development and delivery of college and university level courses for First Nation and Inuit students, and research and development on First Nation and Inuit education. Costs for the provision of special education services and programs and costs to provide internet access, information technology equipment, technical support and training to students and school staff.

Social Services: First Nations people, like other Canadian citizens, are responsible for managing their own affairs and maintaining themselves to the extent that their resources permit. Some individuals and families are unable to provide for themselves and their dependents. Situations therefore exist in which assistance must be available to community members in need. Income Assistance is one type of income supplement available to eligible persons. Other income supports include Old Age Security, Child Tax Benefits, etc.

Infrastructure: Costs associated with economic development planning, proposal development, and planning and implementation of ongoing activities and one-time projects. Also costs to pursue economic objectives in areas such as the employment of community members, the development of community-owned and community member businesses, the development of land and resources under community control, access to economic opportunities on land and resources beyond community control, investment promotion, and research and advocacy.

Band Support: Costs to support the further development of competent, stable, legitimate, and accountable community governments by strengthening First Nations and Inuit governance and by funding initiatives which address needs in the areas of professional and institutional development at the local level and at the level of emerging regional and national organizations. Also, costs to enable tribal councils to provide advisory services such as financial management, band government, economic development, community planning, technical services to the member First Nations and to defray the costs of administering programs on behalf of member communities and to provide funding for equivalent advisory services to large First Nations which are not affiliated with a tribal council.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

24. Segmented information continued

Capital: Costs to acquire, construct, operate and maintain basic community facilities and services such as water and sewage, roads, electrification, schools, community buildings and fire protection. Also costs associated with ensuring that these facilities and community services meet recognized standards and are comparable to the services provided to nearby communities by provincial and municipal governments.

2 - Health Programs (FNIHB)

Health Canada provides funding for costs associated with the development of safe and healthy communities in the following areas:

Children and Youth; Mental Health and Addictions; Chronic Disease and Injury Prevention; Communicable Disease Control; Environmental Health and Research Component; Primary Care; Non-Insured Health Benefits; Health Governance and Infrastructure; Capital; Treatment Centres; Aboriginal Health Transition Fund; Headquarter projects.

3 - Canada Mortgage and Housing Corporation (CMHC)

Non-Profit On-Reserve Housing Program (Section 95); Residential Rehabilitation Assistance Program (RRAP); Home Adaptations for Seniors' Independence Program (HASI); Shelter Enhancement Program; Housing Internship Initiative for First Nations and Inuit Youth.

4 - Band programs

Other programs that vary based on own source revenue. These could include First Nations Trust, Tribal Council, CDC, Band Trust Funds and other business ventures. These outside revenue sources are used to fund programs such as recreational or cultural activities for the benefit of membership that are not funded by government agencies.

25. Pension Plan

The Makwa Sahgaiehcan First Nation and eligible employees participate in a defined contribution pension plan.

The Makwa Sahgaiehcan First Nation financial obligation is limited to providing contributions at a specific rate in respect of employees' current service. Information regarding contributions to the above mentioned pension plans is as follows:

	2023	2022
Employee contribution rate (percentage of salary)	5.0%-9.0%	5.0%-9.0%
Employer contribution rate (percentage of salary)	5.0%-9.0%	5.0%-9.0%

During the year, the Makwa Sahgaiehcan First Nation contributed \$518,694. (2022 - \$240,156) to the pension plan.

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

26. Annual Surplus Net of Capital Related Revenues and Amortization

	2023	2022
Current Surplus (deficit)	\$ 5,964,759	\$ 12,414,205
Less capital related revenues included in annual surplus:		
Federal government transfers recognized	<u>(4,263,623)</u>	(7,394,083)
Less: Limited Partnership Earnings	1,701,136	5,020,122
Add amortization expense included in annual surplus	<u>(3,114,463)</u>	(3,158,497)
	<u>1,754,049</u>	1,656,066
	<u><u>\$ 340,722</u></u>	<u><u>\$ 3,517,691</u></u>

27. Financial Instruments

Financial assets include cash, restricted assets, trust funds held by the Federal Government, inventory held for resale, accounts receivable, due from Makwa Construction, investment in Makwa Lake Development Co., investments, and limited partnership interests and are measured at amortized cost as presented on the consolidated balance sheet, except for the trust funds held by the Federal Government which are measured at fair value, and the investment in Makwa Lake Development Co and limited partnership interests, which are measured using the modified equity method.

Financial liabilities include bank indebtedness, accounts payable, unexpended revenue, and long-term debt and are measured at amortized cost as presented on the consolidated balance sheet.

The First Nation is not subject to currency risk, credit risk, or other price risk. The following are the significant risks to which the First Nation is exposed.

Interest rate risk

The First Nation is exposed to interest rate cash flow risk to the extent that its loans payable are at a floating rate of interest. The First Nation is also exposed to interest rate price risk to the extent that agreements receivable are at a fixed rate of interest.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. To manage this risk, the First Nation maintains a portion of its invested assets in liquid securities.

Market risk

Market risk is the risk that financial instrument fair values will fluctuate due to changes in market prices. The significant market risks to which the First Nation is exposed are interest rate risk and price risk.

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Notes to the Financial Statements
For the Year Ended March 31, 2023

28. Budgeted figures

The disclosed budget has been approved by the Chief and Council on March 31, 2023. The budget only includes those activities managed directly by the Nation. No amounts have been budgeted for capital projects, CMHC operations, store operations or amortization.

29. Comparative figures

Prior year's comparative amounts have been reclassified, where necessary, to conform to the current year's presentation.

Makwa Sahgaiehcan First Nation

Schedule #1

Reserves & Trusts

Schedule of Operations

For the Year Ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Fixed Contribution	\$ 25,000	\$ 240,455	\$ -
ISC - Block Contribution	72,400	151,701	74,816
Recognition (deferral) of unexpended funding	-	(73,260)	-
	97,400	318,896	74,816
Expenses			
Professional Fees	4,000	131,534	17,470
Salaries and benefits	99,400	75,044	75,215
Administrative Fees	-	39,216	-
Contracted Services	-	15,270	20,576
Travel	8,000	15,206	3,752
Meetings & workshops	-	4,537	3,327
Supplies	6,000	4,232	1,242
Utilities	-	1,200	1,200
Honorarium	-	-	1,024
	117,400	286,239	123,806
Current surplus (deficit)	\$ (20,000)	\$ 32,657	\$ (48,990)

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Schedule #2

Education

Schedule of Operations

For the Year Ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Block Contribution	\$ 6,000,000	\$ 8,399,389	\$ 7,063,991
ISC - Fixed Contribution	450,280	403,375	752,752
ISC - Flexible Contribution	260,000	-	20,503
Meadow Lake Tribal Council	460,000	529,300	465,804
Other revenue	-	17,500	-
	7,170,280	9,349,564	8,303,050
Expenses			
Salaries and benefits	2,946,000	4,041,655	3,835,247
Supplies	390,000	1,830,829	526,425
Student Tuition & Allowances	1,018,280	1,173,425	1,215,653
Administrative Fees	655,000	880,276	46,580
Travel	240,000	291,207	238,606
Activities	22,000	283,944	84,632
Vehicle operation	12,000	249,802	40,282
Repairs and maintenance	20,000	230,379	79,807
Amortization	205,000	197,757	215,927
Utilities	10,000	159,078	139,410
Professional Fees	9,000	66,726	12,989
Contracted Services	175,000	41,313	28,789
Honorarium	8,000	36,591	13,273
Equipment rent	5,000	35,502	1,401
Meetings & workshops	49,000	14,305	21,694
Advertising and Sponsorship	-	10,154	4,450
Awards	3,000	7,203	1,019
Professional Development	2,000	6,010	-
Other operating expenses	-	66	-
Insurance	2,000	-	3,231
Transfer to capital assets	-	(1,171,332)	(185,819)
	5,771,280	8,384,890	6,323,596
Current surplus (deficit)	\$ 1,399,000	\$ 964,674	\$ 1,979,454

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Schedule #3

Social Services

Schedule of Operations

For the Year Ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Block Contribution	\$ 3,575,000	\$ 3,801,981	\$ 3,727,446
ISC - Flexible Contribution	791,000	1,040,596	1,013,947
ISC - Set contribution	240,000	418,489	622,895
ISC - Fixed Contribution	120,000	119,031	119,031
Meadow Lake Tribal Council	150,000	234,537	252,093
Other revenue	-	29	-
Receivable (payable) to ISC	-	-	(63,907)
	4,876,000	5,614,663	5,671,505
Expenses			
Social Assistance	3,787,000	2,262,745	1,646,199
CMHC Rental Support	400,000	352,086	343,091
Fees	262,000	322,238	479,879
Salaries and benefits	218,500	174,357	228,190
Other operating expenses	100,000	59,694	24,362
Supplies	105,500	48,544	76,493
Contracted Services	-	47,567	14,680
Activities	-	33,356	2,030
Vehicle operation	-	19,992	10,419
Travel	-	14,523	8,989
Utilities	-	7,293	4,857
Meetings & workshops	-	4,963	1,756
Professional fees	-	4,873	38,937
Professional Development	-	1,111	200
Repairs and maintenance	3,000	1,040	5,775
Assistance	-	745	20,000
	4,876,000	3,355,127	2,905,857
Current surplus (deficit)	\$ -	\$ 2,259,536	\$ 2,765,648

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Schedule #4

Infrastructure

Schedule of Operations

For the Year Ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Block Contribution	\$ 400,000	\$ 1,051,401	\$ 420,610
Other revenue	-	1,506	17,575
ISC - Fixed Contribution	310,000	-	620,363
Rent	15,000	-	-
Recognition (deferral) of unexpended funding	-	69,418	(69,418)
	725,000	1,122,325	989,130
Expenses			
Contracted Services	50,000	432,257	130,709
Amortization	320,000	345,222	345,527
Utilities	200,000	324,768	266,662
Salaries and benefits	170,000	247,093	203,250
Supplies	120,000	211,183	91,742
Insurance	85,000	124,979	110,095
Administrative Fees	-	105,140	-
Professional Fees	-	95,950	13,300
Vehicle operation	-	89,169	35,327
Equipment rent	-	81,280	73,700
Repairs and maintenance	60,000	34,741	13,685
Other operating expenses	-	20,398	7,779
Travel	-	15,228	3,683
Road Maintenance and Gravel	50,000	1,091	360
Meetings & workshops	-	450	-
	1,055,000	2,128,949	1,295,819
Current surplus (deficit)	\$ (330,000)	\$ (1,006,624)	\$ (306,689)

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Schedule #5

Band Support

Schedule of Operations

For the Year Ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Block Contribution	\$ 890,000	\$ 927,267	\$ 909,089
ISC - Fixed Contribution	-	575,000	-
ISC - Flexible Contribution	70,000	368,749	-
Administrative Fees	500,000	1,809,557	600,611
Insurance proceeds	-	-	117,283
Other revenue	-	207,098	20,592
Interest	-	109,189	-
Rent	-	19,500	5,850
Meadow Lake Tribal Council	100,000	21,000	-
Fundraising	-	11,041	-
Recognition (deferral) of unexpended funding	-	(723,937)	20,000
	1,560,000	3,324,464	1,673,425
Expenses			
Salaries and benefits	1,400,000	1,573,758	1,672,283
Travel	200,000	1,071,901	493,898
Contracted Services	-	774,111	22,614
Professional fees	160,000	660,904	194,289
Amortization	200,000	295,260	295,260
Supplies	130,000	294,323	72,024
Administrative Fees	-	187,602	-
Other operating expenses	-	185,410	3,193
Utilities	30,000	73,187	79,825
Meetings & workshops	25,000	64,366	36,844
Interest and bank charges	80,000	60,959	75,531
Bad debt expense (recovery)	-	43,800	-
Vehicle operation	70,000	43,764	71,998
Assistance to members	-	43,442	-
Activities	-	39,014	67,878
Advertising and Sponsorship	-	14,661	2,650
Honorarium	-	5,527	75
Memberships and licenses	-	2,526	2,724
Elder's Assistance	-	-	11,500
Transfer to capital assets	-	(19,729)	-
	2,295,000	5,414,786	3,102,586
Current surplus (deficit)	\$ (735,000)	\$ (2,090,322)	\$ (1,429,161)

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Schedule #6

Capital

Schedule of Operations

For the Year Ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Flexible Contribution	\$ 4,300,000	\$ 1,670,185	\$ 3,923,847
ISC - Block Contribution	550,000	569,668	558,500
Expense recoveries	-	11,450	-
Recognition (deferral) of unexpended funding	-	2,625,873	2,911,736
	4,850,000	4,877,176	7,394,083
Expenses			
Contracted Services	4,420,000	4,429,056	6,766,961
Repairs and maintenance	100,000	371,870	531,744
Supplies	-	620,561	810,219
Utilities	290,000	487,985	525,831
Salaries and benefits	260,000	487,902	390,657
Professional fees	-	212,038	140,659
Interest and bank charges	-	75,229	1,398
Administrative Fees	-	56,967	-
Travel	-	17,598	3,635
Meetings & workshops	-	1,284	1,100
Vehicle operation	-	1,000	264
Equipment Purchase	-	-	40,537
Transfer to capital assets	-	(3,953,156)	(7,045,949)
	5,070,000	2,808,334	2,167,056
Current surplus (deficit)	\$ (220,000)	\$ 2,068,842	\$ 5,227,027

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Schedule #7

Health

Schedule of Operations

For the Year Ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
ISC - Flexible Contribution	\$ 1,228,000	\$ 2,976,229	\$ 798,786
ISC - Set contribution	-	191,000	257,000
ISC - Fixed Contribution	75,000	-	-
Meadow Lake Tribal Council	3,997,000	5,143,599	4,100,140
Other revenue	1,000	206,699	16,273
Health Canada	75,000	-	-
Recognition (deferral) of unexpended funding	-	(42,239)	(297,490)
	5,376,000	8,475,288	4,874,709
Expenses			
Salaries and benefits	2,554,000	2,841,019	2,473,533
Activities	531,500	1,447,747	341,704
Contracted Services	408,000	702,060	179,260
Supplies	171,000	499,547	252,571
Travel	132,000	394,407	177,844
Fees	518,500	319,051	453,415
Assistance	-	292,351	13,231
Meetings & workshops	77,000	208,580	90,081
Vehicle operation	51,000	166,627	194,653
Repairs and maintenance	301,000	134,592	26,195
Amortization	65,000	117,032	47,943
Professional fees	-	56,076	14,979
Utilities	28,000	54,651	43,624
Rent	-	37,500	19,850
Equipment Purchase	-	22,546	-
Horse Therapy	-	22,238	22,942
Other operating expenses	-	7,584	4,330
Professional Development	20,000	5,575	536
Insurance	4,000	930	-
Honorarium	-	60	800
Youth Centre Costs	61,000	-	-
Transfer to capital assets	-	(528,400)	(145,722)
	4,922,000	6,801,773	4,211,769
Current surplus (deficit)	\$ 454,000	\$ 1,673,515	\$ 662,940

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Schedule #8

Band Programs

Schedule of Operations

For the Year Ended March 31, 2023

	2023 Budget	2023 Actual	2022 Actual
Revenue			
ISC - Fixed Contribution	\$ 160,000	\$ 1,199,960	\$ 755,944
ISC - Flexible Contribution	900,000	718,313	1,422,493
ISC - Set contribution	-	7,490	-
Meadow Lake Tribal Council	175,000	285,517	297,447
First Nations Trust	400,000	652,763	295,676
Ottawa Trust	50,000	34,182	44,599
Northern Lights Community Development	-	99,833	-
Saskatchewan Lotteries	12,000	11,935	11,709
Rent	22,000	44,530	24,000
Limited Partnership Earnings	4,400,000	3,114,463	3,158,497
Earnings (loss) in GBE	-	(94,062)	234,464
Other revenue	(95,000)	43,818	21,337
Recognition (deferral) of unexpended funding	(100,000)	(817,832)	(476,945)
	5,924,000	5,300,910	5,789,221
Expenses			
Assistance	627,000	1,040,481	555,384
Salaries and benefits	235,000	613,033	255,521
Supplies	362,000	451,147	455,668
Contracted Services	395,000	428,122	400,494
Other operating expenses	110,000	290,559	7,637
Activities	212,000	280,107	100,471
Professional fees	84,000	239,898	152,378
Vehicle operation	85,000	209,336	230,334
Fees	107,000	203,508	61,923
Rent	-	114,300	133,900
Meetings & workshops	38,000	58,294	7,261
Repairs and maintenance	27,500	56,227	46,365
Advertising and Sponsorship	-	54,537	1,100
Travel	61,000	24,061	43,154
Utilities	10,000	22,592	28,058
Interest and bank charges	14,000	19,669	13,872
Insurance	-	6,996	-
Amortization	6,000	1,500	10,178
Transfer to MSFN Economic Development Company Ltd.	-	300,390	-
Transfer to Makwa Lake Development Co.	-	-	163,051
Transfer to capital assets	-	(287,112)	-
	2,373,500	4,127,645	2,666,749
Current surplus before transfers			
Transfers	3,550,500	1,173,265	3,122,472
	70,000	-	-
Current surplus (deficit)	\$ 3,620,500	\$ 1,173,265	\$ 3,122,472

The accompanying notes are an integral part of these financial statements.

Makwa Sahgaiehcan First Nation

Schedule #9

Other Programs

Schedule of Operations

For the Year Ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
Revenue			
Makwa Store Sales	\$ 3,500,000	\$ 5,253,094	\$ 4,325,966
Subsidy	820,000	959,398	910,008
Rental income	410,000	453,636	453,636
Interest	135,000	16,489	5,938
CMHC special contribution	-	241,500	-
	4,865,000	6,924,117	5,695,548
Expenses			
Cost of Sales	2,718,000	4,077,325	3,723,100
Amortization	670,000	797,279	741,231
Salaries and benefits	430,000	298,705	270,033
Repairs and maintenance	100,000	253,450	74,354
Other operating expenses	-	205,955	271,720
Interest and bank charges	7,000	157,801	152,302
Fees	130,000	92,186	88,322
Insurance	41,000	72,262	44,818
Professional fees	30,000	47,448	46,398
Utilities	31,000	27,398	71,068
Rent	-	4,497	-
Travel	4,000	595	2,947
Bad debt expense (recovery)	1,000	-	(234,176)
Supplies	24,000	-	1,927
	4,186,000	6,034,901	5,254,044
Current surplus (deficit)	\$ 679,000	\$ 889,216	\$ 441,504

The accompanying notes are an integral part of these financial statements.