

Brokenhead Ojibway Nation
Consolidated Financial Statements
March 31, 2022

Brokenhead Ojibway Nation
Consolidated Financial Statements - Table of Contents
For the year ended March 31, 2022

Page

Management's Responsibility

Independent Auditor's Report

Consolidated Financial Statements

Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations.....	2
Consolidated Statement of Accumulated Surplus.....	3
Consolidated Statement of Changes in Net Debt.....	4
Consolidated Statement of Cash Flows.....	5

Notes to the Consolidated Financial Statements..... 6

Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	17
Schedule 2 - Consolidated Schedule of Expenses by Object.....	19
Schedule 3 - Consolidated Summary Schedule of Operations by Segment.....	20
Schedule 4 - Consolidated Schedule of Segment Operations - Governance.....	21
Schedule 5 - Consolidated Schedule of Segment Operations - Health.....	22
Schedule 6 - Consolidated Schedule of Segment Operations - Economic Development.....	23
Schedule 7 - Consolidated Schedule of Segment Operations - Public Works.....	24
Schedule 8 - Consolidated Schedule of Segment Operations - Education.....	25
Schedule 9 - Consolidated Schedule of Segment Operations - Social Services.....	26
Schedule 10 - Consolidated Schedule of Segment Operations - COVID-19.....	27
Schedule 11 - Consolidated Schedule of Segment Operations - Economic Enterprises.....	28
Schedule 12 - Consolidated Schedule of Segment Operations - Subsidized Housing.....	29

Management's Responsibility

To the Members of Brokenhead Ojibway Nation:


The accompanying consolidated financial statements of Brokenhead Ojibway Nation (the "First Nation") are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting policies and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Brokenhead Ojibway Nation Chief and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council are also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Chief and Council on behalf of the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.


Senior Finance Officer

Independent Auditor's Report

To the Members of Brokenhead Ojibway Nation:

Opinion

We have audited the consolidated financial statements of Brokenhead Ojibway Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the 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 the First Nation as at March 31, 2022, and the results of its operations, changes in net debt, and its 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 Auditor's 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 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.

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.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Winnipeg, Manitoba

July 29, 2022

MNP LLP

Chartered Professional Accountants

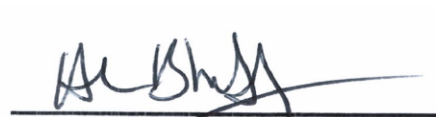
Brokenhead Ojibway Nation

Consolidated Statement of Financial Position

As at March 31, 2022

	2022	2021
Financial assets		
Cash and cash equivalents	8,462,633	2,961,338
Accounts receivable (Note 3)	1,859,434	1,210,927
Inventory for resale (Note 4)	353,365	350,406
Investment in South Beach Group of Partnerships (Note 5)	3,027,590	1,769,530
Restricted cash (Note 6)	732,151	615,354
	14,435,173	6,907,555
Liabilities		
Accounts payable and accruals (Note 7)	1,525,330	1,109,550
Deferred revenue (Note 8)	8,249,216	2,653,217
Long-term debt (Note 9)	16,436,746	16,654,701
	26,211,292	20,417,468
Net debt	(11,776,119)	(13,509,913)
Contingencies (Note 10)		
Non-financial assets		
Tangible capital assets (Schedule 1)	23,323,119	22,172,516
Accumulated surplus	11,547,000	8,662,603

Approved on behalf of the Chief and Council



Chief



Councillor



Councillor



Councillor



Councillor



Councillor

Brokenhead Ojibway Nation
Consolidated Statement of Operations
For the year ended March 31, 2022

	<i>Schedules</i>	<i>2022 Budget</i>	<i>2022</i>	<i>2021</i>
Revenue				
Indigenous Services Canada (Note 11)		17,932,787	17,932,787	12,604,665
Product sales		14,000,000	14,226,864	13,534,748
Other		10,763,996	9,605,529	4,002,459
Video Lottery Terminal revenue (net of payouts)		1,690,000	1,619,292	1,255,716
Canada Mortgage and Housing Corporation		260,000	260,128	246,342
Revenue deferred in prior year (Note 8)		2,653,217	2,653,217	2,487,286
Revenue deferred to subsequent year (Note 8)		(8,300,000)	(8,249,216)	(2,653,217)
		39,000,000	38,048,601	31,477,999
Segment expenses				
Governance	4	5,600,000	5,430,848	2,116,882
Health	5	4,300,000	4,267,805	4,088,445
Economic Development	6	5,400,000	5,360,354	2,682,525
Public Works	7	2,100,000	2,057,434	2,086,319
Education	8	400,000	372,137	121,431
Social Services	9	1,200,000	1,217,547	1,764,218
COVID-19	10	1,000,000	1,029,290	3,038,218
Economic Enterprises	11	16,200,000	16,091,409	14,674,782
Subsidized Housing	12	800,000	764,068	646,550
Total segment expenses (Schedule 2)		37,000,000	36,590,892	31,219,370
Surplus before other items		2,000,000	1,457,709	258,629
Other items				
Gain (loss) on investment in South Beach Group of Partnerships (Note 5)		-	1,426,688	(740,692)
Surplus (deficit)		2,000,000	2,884,397	(482,063)

Brokenhead Ojibway Nation
Consolidated Statement of Accumulated Surplus
For the year ended March 31, 2022

	2022	2021
Accumulated surplus, beginning of year	8,662,603	9,144,666
Surplus (deficit)	2,884,397	(482,063)
Accumulated surplus, end of year	11,547,000	8,662,603

Brokenhead Ojibway Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2022

	<i>2022</i>	<i>2022</i>	<i>2021</i>
Annual surplus (deficit)	2,000,000	2,884,397	(482,063)
Purchases of tangible capital assets	(2,000,000)	(1,954,974)	(2,294,451)
Amortization of tangible capital assets	-	804,371	1,246,748
Decrease (increase) in net debt	-	1,733,794	(1,529,766)
Net debt, beginning of year	(13,509,913)	(13,509,913)	(11,980,147)
Net debt, end of year	(13,509,913)	(11,776,119)	(13,509,913)

Brokenhead Ojibway Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	2,884,397	(482,063)
Non-cash items		
Amortization	804,371	1,246,748
Gain (loss) on investment in South Beach Group of Partnerships	(1,426,688)	740,692
	2,262,080	1,505,377
Changes in working capital accounts		
Accounts receivable	(648,507)	219,623
Inventory for resale	(2,959)	(1,499)
Accounts payable and accruals	415,780	19,891
Deferred revenue	5,595,999	165,931
	7,622,393	1,909,323
Financing activities		
Advances of long-term debt	503,932	6,446,667
Repayment of long-term debt	(721,887)	(2,226,579)
	(217,955)	4,220,088
Capital activities		
Purchases of tangible capital assets	(1,954,974)	(2,294,451)
Investing activities		
Withdrawal of Investment in South Beach Group of Partnerships	168,628	211,832
Change in restricted cash	(116,797)	(484,773)
	51,831	(272,941)
Increase in cash resources	5,501,295	3,562,019
Cash resources, beginning of year	2,961,338	(600,681)
Cash resources, end of year	8,462,633	2,961,338

1. Operations

Brokenhead Ojibway Nation (the "First Nation") is located in the province of Manitoba, and provides various services to its Members. Brokenhead Ojibway Nation includes the First Nation's government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Reporting entity

The Brokenhead Ojibway Nation reporting entity includes the First Nation government and all related organizations and departments that are either owned or controlled by the First Nation.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following organizations and departments:

- B.O.N. Ltd.
- Baaskaandibewiziibii Trust
- BON Development Corporation
- BON Limited Partnership
- BON Pharmacy Ltd.
- Brokenhead Community Store Ltd.
- Brokenhead Entertainment Centre
- Brokenhead Grocery Ltd.
- Wavers of Brokenhead Ltd.
- Brokenhead Ojibway Nation Gaming Commission
- Brokenhead Ojibway Nation Housing Authority
- Brokenhead Ojibway Nation Mom's Seed Home

All inter-entity balances have been eliminated on consolidation.

The First Nation has consolidated its interest in a government business partnership known as the South Beach Group of Partnerships according to the modified equity method.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes receivable and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

2. Significant accounting policies *(Continued from previous page)*

Cash and cash equivalents

Cash and cash equivalents includes balances with banks and short-term savings accounts. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Inventory for resale

Inventory for resale is valued at the lower of cost or net realizable value. Cost is determined by the weighted average cost method.

Portfolio investments

Portfolio investments are recorded at the lower of cost and net realizable value. The First Nation is considered a beneficial owner of 12.5% of Shawano Wapunong Investments Inc. (the "Company"). The First Nation's investment in Shawano Wapunong Investments Inc. meets the definition of a portfolio investment. When the Company was established, 100% of the common shares of the Company were purchased by the Southeast Resource Development Council Corp. to be held in trust for the beneficial owners. As a result, the First Nation's cost associated with the investment is \$nil (2021 - \$nil).

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of the First Nation by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys 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 trusts moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Investment in South Beach Group of Partnerships

The investment in the South Beach Group of Partnerships is accounted for in accordance with the modified equity method. The First Nation's investment in South Beach Group of Partnerships is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreases by post acquisition losses and withdrawals.

Net debt

The First Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

Asset classification

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

Non-financial assets

The First Nation's tangible capital assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

2. Significant accounting policies *(Continued from previous page)*

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Tangible capital assets are amortized annually using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives.

Buildings	25 years
Equipment	5 years
Infrastructure	40 years
Vehicles	5 years
Subsidized Housing	25 years
Non-subsidized Housing	25 years

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in the consolidated statement of operations for the year.

Revenue recognition

Government transfer revenue which includes, but is not limited to, grants from Indigenous Services Canada, is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt, and is matched with the related department expenses in the year of their occurrence. Funding that is restricted for particular purposes is deferred and recognized when the eligible expenses have been incurred.

Video Lottery terminal revenue is recognized net of cash payouts.

Product sales revenue is recognized when goods have been provided to the customer. The First Nation generates product sales revenue through sales of pharmaceuticals, groceries, fuel and other confectionary items.

Gain (loss) on investment in South Beach Group of Partnerships is recognized in accordance with the modified equity method of accounting for the investment, and corresponds to the First Nation's proportionate share of the government business partnership's net surplus (deficit) earned during the year.

All other types of revenue are recognized by the First Nation when services are provided or the goods are shipped and collection is reasonably assured.

Employee future benefits

The First Nation's employee future benefit program consists of a defined contribution pension plan. The First Nation contributions to the defined contribution plan are expensed as incurred. Since employees are not entitled to a defined benefit, the First Nation does not have any liabilities with respect to employee future benefits.

Financial instruments

Financial instruments include cash, accounts receivable, restricted cash, investment in South Beach Group of Partnerships, accounts payable and accruals and long-term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risk arising from the financial instruments.

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an allowance for doubtful accounts is provided where considered necessary. Inventory is recorded after consideration of any impairment or obsolescence. Amortization is based on the estimated useful lives of tangible capital assets. Deferred revenue is recorded based on management's analysis of the extent to which eligibility requirements have been met on government transfer revenue. Provisions for funding recoveries and site rehabilitation costs are recorded in accordance with management's estimates of future costs.

These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the consolidated statement of operations in the period in which they become known.

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount 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 each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized are accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Brokenhead Ojibway Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

2. Significant accounting policies *(Continued from previous page)*

Segments

The First Nation conducts its business through 9 reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's objectives to aid in resource allocation decisions, and to assess operational performance. These segments are differentiated by the major activities or services they provide.

For each reported segment, revenue and expenses represent both amounts that are directly attributable 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Significant Accounting Policies.

The First Nation's segments are as follows:

Governance - reports on administration and governance activities.

Health - reports on the First Nation's funding related to health and wellness.

Economic Development - reports on economic stimulus programs not funded by Indigenous Services Canada.

Public Works - reports on public works activities.

Education - reports on the operations of education programs.

Social Services - reports on social assistance programs.

COVID-19 - reports on funding and expenditures pertaining to COVID-19.

Economic Enterprises - reports on the First Nation's businesses.

Subsidized Housing - reports on developing and sustaining on-reserve housing.

3. Accounts receivable

	2022	2021
Indigenous Services Canada	899,816	45,000
Tenant rent	1,218,872	1,365,504
Shawano Wapunong Investments Inc. (related to the First Nation as described Note 2)	117,582	126,461
Other	842,036	791,689
	3,078,306	2,328,654
Less: allowance for doubtful accounts - tenant rent	1,218,872	1,117,727
	1,859,434	1,210,927

Brokenhead Ojibway Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

4. Inventory for resale

	2022	2021
Pharmaceutical products	74,359	74,360
Fuel	48,670	48,669
General merchandise	230,336	227,377
	353,365	350,406

5. Investment in South Beach Group of Partnerships

The investment in South Beach Group of Partnerships represents a one-seventh ownership interest in the following limited partnerships or companies:

1. South Beach Casino Limited Partnership

This limited partnership was formed to operate a casino and hotel on the Brokenhead Ojibway Nation land at Scanterbury, Manitoba. Brokenhead Ojibway Nation's investment is equal to that of 6 other First Nation limited partners.

2. South Beach Capital Partners Limited Partnership

This limited partnership was formed to purchase an intellectual property and license agreement with South Beach Casino Limited Partnership from the previous holder of the agreement. The agreement expires in May 2028. The agreement allows the South Beach Capital Partnership Limited Partnership to charge license fees to the South Beach Casino Limited Partnership. Brokenhead Ojibway Nation's investment is equal to that of 6 other First Nation limited partners.

3. SBCP Inc.

This company is owned equally by 7 First Nations, including Brokenhead Ojibway Nation. It's sole purpose is to act as the General Partner of the South Beach Capital Partners Limited Partnership.

4. South Beach Management Services Ltd.

This company is a wholly owned subsidiary company of the South Beach Capital Partners Limited Partnership. The company was established to provide management services to the South Beach Casino Limited Partnership.

5. South Beach Casino Inc.

This company is owned equally by 7 First Nations, including Brokenhead Ojibway Nation. It's sole purpose is to act as the General Partner of the South Beach Limited Partnership.

These transactions with these related entities were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	2022	2021
Balance, beginning of year	1,769,530	2,722,054
Surplus (deficit)	1,426,688	(740,692)
Draws	(168,628)	(211,832)
Balance, end of year	3,027,590	1,769,530

Brokenhead Ojibway Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

6. Restricted cash

	2022	2021
CMHC - Replacement Reserve	456,041	339,336
First Nations Finance Authority debt reserve fund	250,229	250,229
First Nations Finance Authority - cash account	23,429	23,337
Ottawa Trust fund	2,452	2,452
	732,151	615,354

CMHC replacement reserve

As required as part of the First Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to the houses. Under the terms of the agreements of CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time.

As at March 31, 2022 the amount required in the replacement reserve bank account was \$651,480 (2021 - \$611,806) and the replacement reserve bank account was underfunded by \$195,439 (2021 - \$272,470) .

Ottawa Trust Fund

The Ottawa Trust fund accounts 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned, when it is measurable and collection is reasonably assured. Capital and revenue trust monies are transferred to the First Nation on authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council. Interest revenue earned in the Band Revenue account amounted to \$0 (2021 - \$28).

First Nations Finance Authority debt reserve fund

Pursuant to the financing arrangement that the First Nation has entered into the with First Nations Finance Authority, amounts are held in trust by the First Nations Finance Authority to cover any unexpected defaults in the required monthly loan payments. During the year, the First Nation earned interest of \$0 (2021 - \$1,549) on the cash held in this debt reserve fund.

First Nations Finance Authority - cash account

The First Nation's cash account held with the First Nations Finance Authority represents the remaining amount of payments that the First Nation has made that have yet to be applied to principal or interest. During the year, the First Nation earned interest of \$92 (2021 - \$0) on the cash held in this debt reserve fund.

Brokenhead Ojibway Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

7. Accounts payable and accruals

	2022	2021
Indigenous Services Canada	177,440	177,440
Government remittances payable	39,393	247,495
Trade payables and accrued liabilities	1,308,497	684,615
	1,525,330	1,109,550

8. Deferred revenue

Deferred revenue consists of government transfer revenue from Indigenous Services Canada and other funding sources which is restricted for particular purposes. The revenue is deferred and recognized when the eligible expenses have been incurred.

	2022	2021
Assembly of Manitoba Chiefs Secretariat Inc.	990,778	-
Indigenous Services Canada	7,258,438	2,653,217
	8,249,216	2,653,217

Brokenhead Ojibway Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

9. Long-term debt

	2022	2021
BMO Building Loan - Repayable at \$19,849 monthly including interest at 3.86%, compounded semi-annually, maturity date April 2022.	1,890,964	2,052,868
CMHC Mortgage Phase 2 - payments of \$4,984 per month including interest at 0.82%, maturity date of June 2024, secured by a Ministerial guarantee and assignment of fire insurance.	133,303	191,821
CMHC Mortgage Phase 3 - payments of \$2,409 per month including interest at 1.67%, renewal date of July 2024, maturity date of October 2028, secured by a Ministerial guarantee and assignment of fire insurance.	180,107	205,780
CMHC Mortgage Phase 4 - payments of \$2,501 per month including interest at 1.86%, renewal date of April 2024, maturity date of March 2029, secured by a Ministerial guarantee and assignment of fire insurance.	196,933	223,039
CMHC Mortgage Phase 5 - payments of \$1,920 per month including interest 0.76%, renewal date of December 2025, maturity date of June 2030, secured by a Ministerial guarantee and assignment of fire insurance.	184,263	205,824
CMHC Mortgage Phase 7 - payments of \$2,002 per month including interest at 2.39%, renewal date of March 2023, maturity date of March 2033, secured by a Ministerial guarantee and assignment of fire insurance.	232,355	250,618
CMHC Mortgage Phase 8 - payments of \$2,410 per month including interest at 2.14%, renewal date of March 2024, maturity date of March 2034, secured by a Ministerial guarantee and assignment of fire insurance.	305,995	328,138
CMHC Mortgage Phase 9 - payments of \$2,151 per month including interest at 0.71%, renewal date of November 2025, maturity date of February 2035, secured by a Ministerial guarantee and assignment of fire insurance.	318,615	342,087
CMHC Mortgage Phase 11 - payments of \$2,620 per month including interest at 1.67%, renewal date of July 2024, maturity date of January 2039, secured by a Ministerial guarantee and assignment of fire insurance.	461,438	484,994
CMHC Mortgage Phase 12 - payments of \$1,702 per month including interest at 0.70%, renewal date of September 2025, maturity date of March 2040, secured by a Ministerial guarantee and assignment of fire insurance.	345,422	363,369
CMHC Mortgage Phase 13 - payments of \$1,507 per month including interest at 0.74%, renewal date of February 2026, maturity date of February 2046, secured by a Ministerial guarantee and assignment of fire insurance.	396,403	411,702
BMO Housing Loan - Repayable at \$10,168 monthly including interest at prime at 5.2%, maturity date December 2024.	1,015,353	1,082,033
BMO Consolidation Loan - Repayable at \$37,609 monthly including interest at 3.29%, compounded semi-annually, maturity date June 2022.	3,122,045	3,545,451

Brokenhead Ojibway Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

9. Long-term debt *(Continued from previous page)*

	2022	2021
RBC Loan - Repayable at any point, no fixed terms, interest accruing at prime + 0.25%, compounded semi-annually.	1,098,188	961,732
RBC Loan - Repayable at any point, no fixed terms, interest accruing at prime + 0.25%, compounded semi-annually.	959,810	832,218
Vehicle loan, repayable in monthly instalments of \$1,136, maturing June 2025	43,164	-
CMHC Loan - Payments of \$2,272 per month including interest at 2.39%, maturity date of March 2033, secured by a Ministerial guarantee and assignment of fire insurance.	263,668	284,392
CMHC construction loan for Phase 14, which will be converted to a long-term mortgage upon completion of the construction phase	503,932	-
First Nations Finance Authority loan, with payments of \$166,753 due every 6 months, including interest at 2.15%, maturing April 2050, with a scheduled renewal date of June 2030, secured by a first charge against particular non-government transfer revenue earned by the First Nation.	4,784,788	4,888,635
	16,436,746	16,654,701

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2022	400,000
2023	430,000
2024	470,000
2025	520,000
2026	580,000

10. Contingencies

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. At year end it was not yet determined to what extent any funding amounts relating to the year ending March 31, 2022 might be recovered.

11. Indigenous Services Canada

Indigenous Services Canada revenue recorded on the consolidated financial statements in the year ended March 31, 2022 and in the year ended March 31, 2022 agrees to the amounts stated on the year-end Indigenous Services Canada confirmation.

12. Economic dependence

Brokenhead Ojibway Nation receives a significant portion of its revenue from ISC as a result of Treaties entered into with the Government of Canada. These Treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

13. Pension liabilities

The First Nation remits its pension liabilities on a monthly basis and remittances were current at year end. Pension liabilities are not maintained in a separate bank account.

14. Compliance with laws and regulations

The Manitoba Environmental Protection Act

The Manitoba Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive lagoon and landfill sites. Under environmental law, there is a requirement for closure and post closure care of solid waste lagoon and landfill sites including covering and landscaping and ongoing environmental monitoring, site inspection and maintenance.

As directed by PS 3270, a liability must be recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure care is recognized as the site capacity is used to the extent of the proportion of site capacity used compared to the estimated total expenditure required for closure and post-closure care.

The estimated total expenditure represents the sum of discounted future cash flows associated with closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future asset service potential, are expensed in the current year.

At year-end, the extent to which the First Nation is bound by environmental laws of the Manitoba Environmental Protection Act was not determinable, and therefore, no liability has been recorded in these consolidated financial statements.

15. Contingent assets

Brokenhead Ojibway Nation has initiated certain legal claims against other parties. Settlement proceeds were not received prior to March 31, 2022 and such proceeds will be recognized as revenue in the year received.

Brokenhead Ojibway Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2022

	<i>Buildings</i>	<i>Equipment</i>	<i>Land</i>	<i>Infrastructure</i>	<i>Vehicles</i>	<i>Subsidized Housing</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	9,685,912	2,207,042	5,414,700	9,657,771	1,382,360	6,659,836	35,007,621
Acquisition of tangible capital assets	786,200	3,458	-	275,000	81,948	114,316	1,260,922
Balance, end of year	10,472,112	2,210,500	5,414,700	9,932,771	1,464,308	6,774,152	36,268,543
Accumulated amortization							
Balance, beginning of year	5,333,657	1,782,602	-	6,472,063	1,192,548	3,652,466	18,433,336
Annual amortization	189,814	85,234	-	99,696	69,236	122,581	566,561
Balance, end of year	5,523,471	1,867,836	-	6,571,759	1,261,784	3,775,047	18,999,897
Net book value of tangible capital assets	4,948,641	342,664	5,414,700	3,361,012	202,524	2,999,105	17,268,646
2021 Net book value of tangible capital assets	4,352,255	424,440	5,414,700	3,185,708	189,812	3,007,370	16,574,285

Brokenhead Ojibway Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2022

	<i>Subtotal</i>	<i>Non- subsidized Housing</i>	<i>2022</i>	<i>2021</i>
Cost				
Balance, beginning of year	35,007,621	11,464,521	46,472,142	44,177,691
Acquisition of tangible capital assets	1,260,922	694,052	1,954,974	2,294,451
Balance, end of year	36,268,543	12,158,573	48,427,116	46,472,142
Accumulated amortization				
Balance, beginning of year	18,433,336	5,866,290	24,299,626	23,052,878
Annual amortization	566,561	237,810	804,371	1,246,748
Balance, end of year	18,999,897	6,104,100	25,103,997	24,299,626
Net book value of tangible capital assets	17,268,646	6,054,473	23,323,119	22,172,516
2021 Net book value of tangible capital assets	16,574,285	5,598,231	22,172,516	

Brokenhead Ojibway Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2022

	2022	2021
Consolidated expenses by object		
Amortization	804,371	1,246,748
Bank charges and interest	1,218,073	572,284
COVID-19 relief transfer payments	84,850	1,452,568
Community donations	47,387	322,469
Cost of sales	11,285,770	11,398,656
Income assistance	527,863	1,322,564
Professional fees	2,200,891	2,082,179
Purchased goods and services	6,525,341	2,702,424
Repairs and maintenance	958,344	540,064
Salaries and benefits	7,383,087	7,187,070
South Beach Casino - COVID-19	3,449,407	-
South Beach Casino - IT project	92,377	1,067,807
Telephone and Internet	208,461	207,090
Training and travel	1,399,910	618,258
Utilities	404,760	499,189
	36,590,892	31,219,370

Brokenhead Ojibway Nation
Schedule 3 - Consolidated Summary Schedule of Operations by Segment
For the year ended March 31, 2022

	<i>Schedule #</i>	<i>Revenue and other items</i>	<i>Expenses</i>	<i>2022 Surplus (Deficit)</i>	<i>2021 Surplus (Deficit)</i>
Segment					
Governance	4	3,734,430	5,430,848	(1,696,418)	197,685
Health	5	4,251,557	4,267,805	(16,248)	(58,831)
Economic Development	6	6,150,646	5,360,354	790,292	(1,821,598)
Public Works	7	2,461,669	2,057,434	404,235	1,126,002
Education	8	344,014	372,137	(28,123)	-
Social Services	9	2,635,952	1,217,547	1,418,405	(2,622)
COVID-19	10	1,029,172	1,029,290	(118)	(22,228)
Economic Enterprises	11	18,169,868	16,091,409	2,078,459	276,948
Subsidized Housing	12	697,981	764,068	(66,087)	(177,419)
		39,475,289	36,590,892	2,884,397	(482,063)

Brokenhead Ojibway Nation
Governance
Schedule 4 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2022

	2022	2021
Revenue		
Other revenue	2,803,707	2,276,565
Indigenous Services Canada	2,636,660	651,000
Revenue deferred in prior year	714,503	101,505
Revenue deferred to subsequent year	(2,785,022)	(714,503)
	3,369,848	2,314,567
Expenses		
Bank charges and interest	918,039	468,476
Professional fees	262,835	129,594
Purchased goods and services	1,122,621	366,378
Repairs and maintenance	53,799	154,573
Salaries and benefits	2,116,759	692,656
Telephone and Internet	41,106	34,547
Training and travel	915,689	259,835
Utilities	-	10,823
	5,430,848	2,116,882
Surplus (deficit) before transfers	(2,061,000)	197,685
Transfers between segments	364,582	-
Surplus (deficit)	(1,696,418)	197,685

Brokenhead Ojibway Nation
Health

Schedule 5 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2022

	2022	2021
Revenue		
Indigenous Services Canada	4,039,075	3,955,665
Other revenue	298,055	75,107
Revenue deferred in prior year	527,772	526,614
Revenue deferred to subsequent year	(613,345)	(527,772)
	4,251,557	4,029,614
Expenses		
Professional fees	161,880	188,723
Purchased goods and services	987,034	946,796
Repairs and maintenance	166,569	151,204
Salaries and benefits	2,504,786	2,512,209
Telephone and Internet	83,050	70,339
Training and travel	342,530	99,264
Utilities	21,956	119,910
	4,267,805	4,088,445
Deficit	(16,248)	(58,831)

Brokenhead Ojibway Nation
Economic Development
Schedule 6 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2022

	2022	2021
Revenue		
Indigenous Services Canada	4,237,415	1,920,957
Other revenue	1,125,008	38,749
Revenue deferred in prior year	571,911	213,824
Revenue deferred to subsequent year	(845,794)	(571,911)
	5,088,540	1,601,619
Expenses		
Bank charges and interest	112	15,798
Professional fees	1,456,201	1,377,456
Purchased goods and services	324,353	71,972
Repairs and maintenance	-	4,042
Salaries and benefits	113,989	125,862
South Beach Casino - COVID-19	3,449,407	-
South Beach Casino - IT project	-	1,067,807
Telephone and Internet	3,727	-
Training and travel	12,565	14,755
Utilities	-	4,833
	5,360,354	2,682,525
Deficit before other items	(271,814)	(1,080,906)
Other items		
Gain (loss) on investment in South Beach Group of Partnerships	1,426,688	(740,692)
Transfers between segments	(364,582)	-
	1,062,106	(740,692)
Surplus (deficit)	790,292	(1,821,598)

Brokenhead Ojibway Nation
Public Works
Schedule 7 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2022

	2022	2021
Revenue		
Indigenous Services Canada	2,998,362	1,171,965
Other revenue	2,153,292	902,220
Revenue deferred in prior year	463,428	1,601,564
Revenue deferred to subsequent year	(3,153,413)	(463,428)
	2,461,669	3,212,321
Expenses		
Amortization	383,750	795,404
Professional fees	28,261	104,347
Purchased goods and services	779,586	20,262
Repairs and maintenance	467,215	-
Salaries and benefits	163,559	726,305
Telephone and Internet	9,260	21,714
Training and travel	26,212	184,384
Utilities	199,591	233,903
	2,057,434	2,086,319
Surplus	404,235	1,126,002

Brokenhead Ojibway Nation
Education
Schedule 8 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2022

	2022	2021
Revenue		
Other revenue	327,250	17,142
Indigenous Services Canada	20,029	104,289
Revenue deferred to subsequent year	(3,265)	-
	344,014	121,431
Expenses		
Professional fees	7,383	45,715
Purchased goods and services	204,794	19,810
Repairs and maintenance	525	5,328
Salaries and benefits	142,570	47,707
Telephone and Internet	9,805	666
Training and travel	1,197	2,205
Utilities	5,863	-
	372,137	121,431
Surplus (deficit)	(28,123)	-

Brokenhead Ojibway Nation
Social Services
Schedule 9 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2022

	2022	2021
Revenue		
Indigenous Services Canada	2,601,331	1,828,578
Other revenue	25,000	308,621
Revenue deferred in prior year	375,603	-
Revenue deferred to subsequent year	(365,982)	(375,603)
	2,635,952	1,761,596
Expenses		
Bank charges and interest	815	1,904
Income assistance	318,714	1,322,564
Professional fees	17,885	24,572
Purchased goods and services	741,042	153,092
Repairs and maintenance	-	167
Salaries and benefits	133,776	218,060
Telephone and Internet	1,476	7,472
Training and travel	3,692	18,253
Utilities	147	18,134
	1,217,547	1,764,218
Surplus (deficit)	1,418,405	(2,622)

Brokenhead Ojibway Nation
COVID-19
Schedule 10 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2022

	2022	2021
Revenue		
Indigenous Services Canada	1,399,915	2,972,211
Other revenue	111,652	-
Revenue deferred in prior year	-	43,779
Revenue deferred to subsequent year	(482,395)	-
	1,029,172	3,015,990
Expenses		
COVID-19 relief transfer payments	-	1,452,568
Professional fees	1,617	32,093
Purchased goods and services	638,815	295,991
Repairs and maintenance	22,460	31,984
Salaries and benefits	179,659	1,134,295
Telephone and Internet	43,406	36,459
Training and travel	62,486	28,901
Utilities	80,847	25,927
	1,029,290	3,038,218
Deficit	(118)	(22,228)

Brokenhead Ojibway Nation
Economic Enterprises
Schedule 11 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2022

	2022	2021
Revenue		
Product sales	14,211,823	13,534,748
Video Lottery Terminal revenue (net of payouts)	1,619,292	1,255,716
Other revenue	2,338,753	161,266
	18,169,868	14,951,730
Expenses		
Amortization	168,083	217,745
Bank charges and interest	261,386	42,952
COVID-19 relief transfer payments	84,850	-
Community donations	47,387	322,469
Cost of sales	11,285,770	11,398,656
Income assistance	209,149	-
Professional fees	207,819	149,172
Purchased goods and services	1,680,814	757,310
Repairs and maintenance	117,667	96,753
Salaries and benefits	1,799,777	1,566,365
South Beach Casino - IT project	92,377	-
Telephone and Internet	12,501	35,367
Training and travel	29,237	5,170
Utilities	94,592	82,823
	16,091,409	14,674,782
Surplus	2,078,459	276,948

Brokenhead Ojibway Nation
Subsidized Housing
Schedule 12 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2022

	2022	2021
Revenue		
CMHC subsidies and tenant rent	422,813	222,789
Canada Mortgage and Housing Corporation	260,128	246,342
Product sales	15,040	-
	697,981	469,131
Expenses		
Amortization	252,538	233,599
Bank charges and interest	37,720	43,154
Professional fees	57,010	30,507
Purchased goods and services	46,282	70,813
Repairs and maintenance	130,108	96,013
Salaries and benefits	228,212	163,611
Telephone and Internet	4,131	526
Training and travel	6,302	5,491
Utilities	1,765	2,836
	764,068	646,550
Deficit	(66,087)	(177,419)