

BERENS RIVER FIRST NATION

Consolidated Financial Statements
For the year ended March 31, 2022

BERENS RIVER FIRST NATION

Consolidated Financial Statements **For the year ended March 31, 2022**

Contents

Management's Responsibility for Financial Reporting	2
Independent Auditor's Report	3
Consolidated Financial Statements	
Consolidated Statement of Financial Position	6
Consolidated Statement of Operations	7
Consolidated Statement of Changes in Net Debt	8
Consolidated Statement of Cash Flows	9
Notes to Consolidated Financial Statements	10

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of **Berens River First Nation** and all the information in these consolidated financial statements are the responsibility of management and have been approved by the Chief and Council of **Berens River First Nation**. The preparation of periodic financial statements involves the use of estimates and approximations because the precise determination of financial information frequently depends on future events. The financial statements have been prepared by management within reasonable limits of materiality and within the framework of Canadian public sector accounting standards.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The **Berens River First Nation** Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

BDO Canada LLP, Chartered Professional Accountants, as the First Nation's appointed external auditor, has audited the Consolidated Financial Statements. The Independent Auditor's Report is addressed to the Members and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian audit standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of operations of the First Nation in accordance with Canadian public sector accounting standards. BDO Canada LLP has full and free access to the Council.



Chief Hartley Everett
Elected November 15, 2023

Independent Auditor's Report

To the Members of Berens River First Nation

Qualified Opinion

We have audited the consolidated financial statements of **Berens River First Nation** and its components ("the First Nation") which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, changes in net debt 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, except for the possible effects of the matter described in the Bases for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2022 and its consolidated results of operations, its consolidated changes in its net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Bases for Qualified Opinion

The First Nation's financial system does not adequately track payables and a manual payable listing was constructed after the year end by current management from information at multiple locations. Due to the significant time involved with reconstruction of the payable information, estimates and judgements of accounts payable may not be complete and are not susceptible of satisfactory audit verification. Further we have been unable to test the completeness of accounts payable due to the significant length of the subsequent period. Therefore, we were not able to determine whether any adjustments might be necessary to expenses, annual surplus, cash flows from operations for the year ended March 31, 2022 and 2021, and to accounts payable, net debt and tangible capital assets and accumulated surplus as at March 31, 2022 and 2021. Our audit opinion on the consolidated financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

Due to weaknesses in internal controls over the reporting of cash-based revenue and expenditures in the Berens River Gaming Commission and Berens River Community Bingo operations the financial statements of these organizations were not susceptible of satisfactory audit verification. Accordingly, we were unable to verify the revenues and expenses recorded by these organizations or determine whether adjustments might be necessary to their revenues and expenditures for the years ended March 31, 2022 and 2021. Our audit opinion on the consolidated financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 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 qualified audit opinion.

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

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

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

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

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 First Nation 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.

BDO Canada LLP

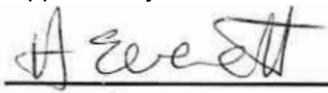
Chartered Professional Accountants

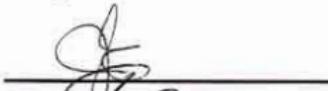
Winnipeg, Manitoba
January 25, 2024

BERENS RIVER FIRST NATION
Consolidated Statement of Financial Position

March 31	2022	2021
Financial Assets		
Cash and bank	\$ 4,909,931	\$ 2,619,591
Restricted cash (Note 2)	808,425	474,015
Accounts receivable (Note 3)	1,504,645	2,396,016
Investments (Note 4)	11,451	11,451
	<hr/>	<hr/>
	7,234,452	5,501,073
Liabilities		
Bank indebtedness (Note 5)	505,698	1,255,520
Accounts payable and accrued liabilities (Note 6)	2,874,729	2,547,286
Unexpended funding (Note 7)	9,044,150	9,499,065
Long-term debts and demand loans (Note 8)	10,322,185	10,973,911
	<hr/>	<hr/>
	22,746,762	24,275,782
Net debt	<hr/>	<hr/>
	(15,512,310)	(18,774,709)
Non-Financial Assets		
Tangible capital assets (Note 9)	30,163,982	30,486,815
Inventories (Note 10)	137,872	61,588
Prepaid expenses	95,572	98,576
	<hr/>	<hr/>
	30,397,426	30,646,979
Accumulated surplus (Note 13)	<hr/>	<hr/>
	\$ 14,885,116	\$ 11,872,270
Contingent liabilities (Note 15)	<hr/>	<hr/>

Approved by the First Nation:

 Chief

 Councillor

 Councillor

 Councillor

 Councillor

 Councillor

 Councillor

BERENS RIVER FIRST NATION

Consolidated Statement of Operations

For the year ended March 31	2022	2021
	Budget	Actual
Revenue		
First Peoples Development Inc.	\$ 712,377	\$ 801,127
Health Canada	6,475,645	8,530,227
Indigenous Services Canada (Note 11)	6,662,149	22,090,763
Canada Mortgage and Housing Corporation	339,770	477,027
Gaming revenue	-	600,726
Province of Manitoba	250,000	8,859
Rental income	474,000	461,632
Fuel, gravel, barge fees, and sundry	2,005,663	7,270,501
	16,919,604	40,240,862
	23,763,299	
Expenses (Note 18)		
Medical services	6,069,951	9,552,890
Social services and development	3,113,821	5,350,282
Mee-Mee-Wee-Seepi Development Corp.	-	1,337,513
Education student services	1,729,909	4,353,181
Band support and administration	1,457,063	2,814,454
Child and family services	-	498,333
Community water and waste services	1,247,210	2,729,544
ASETS Training & Employment	601,384	1,293,500
Housing Authority	496,007	1,070,297
Education local services	255,248	374,974
Education Admin Post Secondary	-	103,533
Capital and set programs	136,383	62,086
Arena	223,388	40,250
Community contributions	177,000	170,630
Log Inn	103,480	70,583
Summer students	83,100	236,402
Indian registry	39,202	56,192
B.R Child & Family Services	-	-
Family Violence	-	8,650
Student services	73,200	89,408
Special funding	-	2,061,035
Fishing	-	614,429
SERDC - Water stewardship	-	-
Economic Development	-	117,203
Gaming Commission	376,652	67,660
ISC Community Based Initiative	-	396,641
COVID-19	-	1,814,575
Chess Program	-	88,554
Safety Officer	-	113,974
Community Health Liaison	66,652	168,338
ISC - REV ICSF EMAP	-	895,295
Community bingo	385,789	452,908
DPN	-	93,235
Band employee benefits	88,379	131,467
	16,723,818	37,228,016
	28,134,069	
Annual surplus (deficit)	\$ 195,786	(4,370,770)
Accumulated surplus, beginning of year	11,872,270	16,243,040
Accumulated surplus, end of year	\$ 14,885,116	\$ 11,872,270

BERENS RIVER FIRST NATION
Consolidated Statement of Changes in Net Debt

<u>For the year ended March 31</u>	<u>2022</u>	<u>2021</u>
	Budget	Actual
Annual surplus (deficit)	\$ 195,786	\$ 3,012,846
Acquisition of tangible capital assets	- (2,230,343)	(11,000)
Amortization of tangible capital assets	- 2,553,176	2,368,646
	195,786	3,335,679
Prepaid expenses	- 3,004	(91,368)
Inventories	- (76,284)	18,706
Decrease (increase) in net debt	\$ 195,786	3,262,399
Net debt , beginning of year	(18,774,709)	(16,688,923)
Net debt , end of year	\$ (15,512,310)	\$ (18,774,709)

BERENS RIVER FIRST NATION
Consolidated Statement of Cash Flows

<u>For the year ended March 31</u>	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Annual surplus (deficit)	\$ 3,012,846	\$ (4,370,770)
Adjustment for non-cash items:		
Amortization of tangible capital assets	<u>2,553,176</u>	2,368,646
	<u>5,566,022</u>	(2,002,124)
Changes in non-cash working capital balances:		
Accounts receivable	891,371	178,430
Inventories	(76,284)	18,706
Prepaid expenses	3,004	(91,368)
Accounts payable	327,443	(236,679)
Unexpended funding	<u>(454,915)</u>	6,439,519
	<u>6,256,641</u>	4,306,484
Cash Flows used in Capital Activities		
Purchase and construction of capital assets	<u>(2,230,343)</u>	(11,000)
Cash Flows used in Financing Activities		
Repayment of long-term debt	(651,726)	(1,098,141)
Repayments of line of credit	<u>(749,822)</u>	(482,389)
	<u>(1,401,548)</u>	(1,580,530)
Increase in cash	2,624,750	2,714,954
Cash, beginning of year	3,093,606	378,652
Cash, end of year	\$ 5,718,356	\$ 3,093,606
Represented by		
Cash and bank	\$ 4,909,931	\$ 2,619,591
Restricted cash	<u>808,425</u>	474,015
	<u>\$ 5,718,356</u>	\$ 3,093,606

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

1. Nature of Entity and Summary of Significant Accounting Policies

Nature of Entity

The First Nation is a non-profit, non-taxable entity and is engaged in the social, cultural and economic development of First Nation citizens of Berens River First Nation.

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting in accordance with Canadian public sector accounting standards. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Basis of Consolidation

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

These financial statements consolidate the assets, liabilities and results of operations for Berens River First Nation and use accounting principles which lend themselves to consolidation. All inter-entity balances have been eliminated on consolidation.

The following entities' financial position and results of operations are included in these financial statements:

Subsidiaries

Mee-Mee-Wee-Seepi Development Corporation	100% owned
Nipi Marine Service Ltd.	100% owned
Berens River Housing Authority Inc.	100% owned
Berens River Log Inn Inc.	100% owned
7269251 Manitoba Ltd.	100% owned
Pigeon River Contractors Ltd.	100% owned

Unincorporated Departments

Berens River Community Bingo
Berens River Gaming Commission

Investments

The investment in the loan to the Shawano Wapunong Building Inc. is recorded at cost.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

1. Nature of Entity and Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined, with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that the 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.

Fuel and gravel revenue is recognized when the title of the product passes to the customer and collectibility is reasonably assured. Reasonable assurance is based on the First Nation's past experience with collections.

Inventory

Raw materials and supplies are stated at the lower of cost and replacement cost. Cost is generally determined on the first-in first-out basis.

Replacement Reserves

The reserves are required by agreements with funders for the replacement of tangible capital assets. This balance consists of a net accumulation of the levy on operations and expenditures paid for by the reserve since inception and are included in accumulated surplus.

Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization based on the estimated useful life of the asset is recorded once the asset is available for productive use as follows:

Infrastructure	20 - 50 years straight-line basis
Buildings	20 - 40 years straight-line basis
Equipment	10 - 20 years straight-line basis
Automotive	10 years straight-line basis

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2022

1. Nature of Entity and Summary of Significant Accounting Policies (continued)

Pension Plans

The First Nation also maintains defined contribution pension plans for its personnel. Expenses for this plan is equal to the First Nation's required contribution for the year.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Measurement uncertainty exists specifically in the determination of accounts receivable, useful life of capital assets and unexpended funding.

Restricted Cash

Restricted cash balances represent assets segregated for use for replacement reserves with CMHC (Canada Mortgage and Housing Corp) and FNIHB (Health Canada) operating agreements. Restricted cash also includes trust funds held by ISC.

Liability for Contaminated Sites

Liabilities for remediation of a contaminated site are 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. At each financial reporting date, the First Nation reviews the carrying amount of any liability.

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2022

2. Restricted Cash

Under the terms of the agreements with CMHC, the replacement reserve account is to be credited in the amount of \$73,980 annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation (CDIC) or as may otherwise be approved by CDIC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are charged to interest first and then principal. The restricted cash is comprised of Externally Restricted Reserves as follows:

	2022	2021
CMHC Replacement Reserve (Note 12)	\$ 700,831	\$ 370,518
ISC Trust	<u>107,594</u>	<u>103,497</u>
	\$ 808,425	\$ 474,015

The CMHC replacement reserve account is underfunded by \$225,228 (underfunded by \$481,561 in 2021).

Funds Held in Trust

The restricted cash balance contains the surplus of monies held in trust for Berens River First Nation by Indigenous Services Canada (ISC). The change in the trust balance during the year was as follows:

	2022	2021
Trust balance, beginning of year	\$ 103,497	\$ 98,577
Interest and fees earned	<u>4,097</u>	<u>4,920</u>
Trust balance, end of year	\$ 107,594	\$ 103,497

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2022

3. Accounts Receivable

	2022	2021
Trade	\$ 480,519	\$ 824,207
Allowance for doubtful accounts	(6,508)	(6,508)
Member receivables	<u>176,418</u>	122,703
	<hr/>	<hr/>
	650,429	940,402
Indigenous Services Canada		
Basic Needs	105,000	94,000
Roads & Bridges	384,518	85,858
Prov School Tuition	10,658	472,034
Perimeter Security	-	70,469
Capital Investment COVID-19	-	428,000
FNIHB	228,000	192,258
CMHC	39,770	39,525
Goods and Services Tax (GST)	<u>86,270</u>	73,470
	<hr/>	<hr/>
	854,216	1,455,614
	<hr/>	<hr/>
	\$ 1,504,645	\$ 2,396,016

4. Investments

The investment balance reported represents the following holdings:

	2022	2021
Shawano Wapunong Building Inc. loan at cost	<hr/>	<hr/>
	\$ 11,451	\$ 11,451

The investment in Shawano Wapunong Building Inc. represents a loan receivable, and accrues interest at 10% per annum. There are no set terms of repayment.

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2022

5. Bank Indebtedness

Included in bank indebtedness is a credit facility with an interest rate of prime plus 3.25% (effective rate 5.95%) and a limit of \$400,000. This credit facility was unutilized at year-end (\$228,978 utilized in 2021) and the balance at year end is due to outstanding cheques issued.

6. Accounts Payable and Accrued Liabilities

	2022	2021
Trade	\$ 1,818,251	\$ 1,713,948
Accrued liabilities	312,290	159,283
Canada Revenue Agency	<u>744,188</u>	<u>674,055</u>
 Total accounts payable	 <u>\$ 2,874,729</u>	 <u>\$ 2,547,286</u>

7. Unexpended Funding

This balance represents unspent program funds provided to Berens River First Nation by the Department of Indigenous Services Canada and the Government of Canada (ISC).

	ISC	2022	2021
Deferred revenue, beginning of year	\$ 6,208,166	\$ 9,499,065	\$ 3,059,546
Add: Current year monies unspent	3,146,561	3,642,405	6,726,456
Less: Previous year revenue recognized	<u>(1,718,303)</u>	<u>(4,097,320)</u>	<u>(286,937)</u>
 Deferred revenue, end of year	 <u>\$ 7,636,424</u>	 <u>\$ 9,044,150</u>	 <u>\$ 9,499,065</u>

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2022

7. Unexpended Funding (continued)

The balance of deferred revenue consists of the following:

Indigenous Services Canada		
2006 School Study	\$ 50,000	
2017 Student Accommodations	221,660	
2018 Decommitted Basic Needs	28,476	
2018 Decommitted Special Needs	4,492	
2018 Decommitted Summer Work	32,033	
2019 Feasibility Study	50,000	
2019 Decommitted Family Violence	11,702	
2019 Housing Extension	1,344,658	
2021 Post Secondary	672,500	
2021 Provincial School Accommodations	1,008,000	
2021 Water System	313,430	
2021 Housing Construction	991,000	
2022 Basic Needs	179,985	
2022 Recovery	228,000	
2022 Roads and Bridges	384,518	
2022 Special Claim Submission	167,971	
2022 Contribution Equipment	110,864	
2022 Planning and Response	858,893	
2022 Renovation	53,100	
2022 ISCF Envelope	151,000	
2022 Professional Development	393,174	
2022 Cost Capacity Building	151,667	
2023 Office Management	229,301	
	<hr/>	
	7,636,424	
First Nation and Inuit Health Branch - AHTF		911,882
Others		
Assembly of Manitoba Chief	406,764	
Insurance Claim	89,080	
	<hr/>	
	495,844	
	<hr/>	
	\$ 9,044,150	

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2022

8. Long-term Debts and Demand Loans

	2022	2021
Mortgage payable at 1.13%, due June 1, 2026, repayable in monthly installments of \$2,046 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	\$ 204,451	\$ 226,749
Mortgage payable at 0.76%, due December 1, 2025, repayable in monthly installments of \$3,124 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	638,726	671,235
Mortgage payable at 0.82%, due September 1, 2024, repayable in monthly installments of \$4,596 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	136,425	190,243
RBC Mortgage payable at 2.35%, due March 1, 2022, repayable in monthly installments of \$2,908 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement, and assignment of fire insurance (Section 10).	-	34,228
Mortgage payable at 1.86%, due August 1, 2022, repayable in monthly installments of \$4,964 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	297,763	351,271
Mortgage payable at 0.86%, due August 1, 2022, repayable in monthly installments of \$2,844 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	324,324	354,611
Mortgage payable at 1.30%, due April 1, 2026, repayable in monthly installments of \$2,360 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	346,620	370,404
Carried forward	\$ 1,948,309	\$ 2,198,741

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2022

8. Long-term Debts and Demand Loans (continued)

	2022	2021
Brought forward	\$ 1,948,309	\$ 2,198,741
Mortgage payable at 2.50%, due June 1, 2023, repayable in monthly installments of \$1,658 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	195,068	209,912
Mortgage payable at 2.22%, due January 1, 2024, repayable in monthly installments of \$3,612 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	448,075	481,113
Mortgage payable at 2.39%, due March 1, 2023, repayable in monthly installments of \$3,519 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	559,074	587,631
Mortgage payable at 1.22%, due July 1, 2026, repayable in monthly installments of \$3,073 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	634,903	663,947
Mortgage payable at 2.68%, due October 1, 2023, repayable in monthly installments of \$4,694 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	754,283	789,987
First Nation Bank term facility at prime plus 2.45% (effective rate 4.85%), due December 1, 2022 repayable in monthly principal and interest payments of \$9,369.	891,748	949,617
CMHC project advances, non-interest bearing and unsecured.	495,048	-
Carried forward	\$ 5,926,508	\$ 5,880,948

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2022

8. Long-term Debts and Demand Loans (continued)

	2022	2021
Brought forward	\$ 5,926,508	\$ 5,880,948
First Nation Bank term facility at fixed rate of 5.93% due November 1, 2022, repayable in monthly principal and interest payments of \$5,562.	318,523	364,874
First Nation Bank term facility at fixed rate of 5.93% due July 1, 2022, repayable in monthly principal and interest payments of \$1,158.	8,808	21,772
First Nation Bank term facility at fixed rate of 5.93% due November 1, 2022, repayable in monthly principal and interest payments of \$3,088.	23,387	57,966
First Nation Bank term facility at fixed rate of 5.70% due May 1, 2024, repayable in monthly principal and interest payments of \$42,429.	1,036,961	1,473,653
First Nation Bank term facility at variable rate of prime plus 2.15% (effective rate 4.85%) due March 1, 2025, repayable in monthly principal and interest payments of \$4,507.	973,421	1,027,500
First Nation Bank term facility at fixed rate of 5.70% due January 1, 2025, repayable in monthly principal and interest payments of \$9,369.	530,591	582,807
Mortgage payable at 2.06%, due January 1, 2025 repayable in monthly instalments of \$8,352 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	<u>1,503,986</u>	<u>1,564,391</u>
	<u>\$ 10,322,185</u>	<u>\$ 10,973,911</u>

The future minimum payments for the next five years and thereafter assuming callable debt is not demanded are:

2023	\$ 4,760,546
2024	2,100,409
2025	646,037
2026	1,907,579
2027	303,052
Thereafter	<u>604,562</u>
	<u>\$ 10,322,185</u>

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

9. Tangible Capital Assets

	2022				
	Infrastructure	Buildings	Equipment	Automotive	Total
Cost, beginning of year	\$ 14,242,840	\$ 63,116,712	\$ 7,406,001	\$ 3,411,347	\$ 88,176,900
Additions	554,818	805,508	85,439	784,578	2,230,343
Cost, end of year	14,797,658	63,922,220	7,491,440	4,195,925	90,407,243
Accumulated amount, beginning of year	(6,605,443)	(42,508,288)	(5,767,996)	(2,808,358)	(57,690,085)
Amortization	(470,213)	(1,706,205)	(133,359)	(243,399)	(2,553,176)
Accumulated amount, end of year	(7,075,656)	(44,214,493)	(5,901,355)	(3,051,757)	(60,243,261)
Net carrying amount, end of year	\$ 7,722,002	\$ 19,707,727	\$ 1,590,085	\$ 1,144,168	\$ 30,163,982
					2021
	Infrastructure	Buildings	Equipment	Automotive	Total
Cost, beginning of year	\$ 14,242,840	\$ 63,116,712	\$ 7,395,001	\$ 3,411,347	\$ 88,165,900
Additions	-	-	11,000	-	11,000
Cost, end of year	14,242,840	63,116,712	7,406,001	3,411,347	88,176,900
Accumulated amount, beginning of year	(6,135,230)	(40,901,242)	(5,642,550)	(2,642,417)	(55,321,439)
Amortization	(470,213)	(1,607,046)	(125,446)	(165,941)	(2,368,646)
Accumulated amount, end of year	(6,605,443)	(42,508,288)	(5,767,996)	(2,808,358)	(57,690,085)
Net carrying amount, end of year	\$ 7,637,397	\$ 20,608,424	\$ 1,638,005	\$ 602,989	\$ 30,486,815

Included in building are tangible capital assets under construction in the amount of \$505,508 (\$Nil in 2021) that are not being amortized as they are not in use.

10. Inventories

	2022	2021
Materials and supplies	\$ 1,390	\$ 1,390
Fuel	136,482	60,198
	\$ 137,872	\$ 61,588

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

11. Indigenous Services Canada (ISC) Revenue Reconciliation

	2022	2021
ISC cash release confirmation	\$ 25,237,324	\$ 18,458,792
Less: Current year deferred revenue (Note 7)	<u>(3,146,561)</u>	<u>(3,435,557)</u>
Total ISC revenue reported	\$ 22,090,763	\$ 15,023,235

12. Replacement Reserves

	CMHC	FNIHB MAR	2022	2021
Balance, beginning of year	\$ 852,079	\$ 132,664	\$ 984,743	\$ 1,000,379
Allocations	73,980	33,218	107,198	106,041
Expenses	-	-	-	(121,677)
Balance, end of year	\$ 926,059	\$ 165,882	\$ 1,091,941	\$ 984,743

The replacement reserve balance consists of a net accumulation of the levy on operations, recoveries collected and expenditures paid for by the reserve since inception in accordance with the agreement with Canada Mortgage and Housing Corporation (CMHC). The First Nation plans to fund the replacement reserve by making monthly deposits of \$5,132 into the replacement reserve bank account.

13. Accumulated Surplus

The First Nation segregates its accumulated surplus in the following categories:

	2022	2021
Investment in tangible capital assets	\$ 19,841,797	\$ 19,512,904
Current Funds (deficit)	(6,048,622)	(8,625,377)
Reserve Funds (Note 12)		
CMHC	926,059	852,079
MAR	<u>165,882</u>	<u>132,664</u>
	\$ 14,885,116	\$ 11,872,270

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2022

14. Defined Contribution Pension Plan

The expense for the First Nation's pension plan for the year was \$74,512 (\$74,222 in 2021). The plan is funded equally by the First Nation and the First Nation's employees at rates of 3.0% to 5.5% of the employee's salary. The funds are invested in mutual funds as directed by the First Nation's individual employees' investment directives.

15. Contingent Liabilities

Berens River First Nation holds two quarry leases in relation to the work performed by Pigeon River Contractors Ltd. As the leases are in the name of the First Nation, they are liable for any rehabilitation costs related to these sites. Rehabilitation fees are paid to the Province of Manitoba for these costs when material is removed from the quarry. These fees are placed in a trust account and are to be used in the future to rehabilitate the sites upon closure. There is the potential that additional monies would be required to rehabilitate the quarries but we are unable to determine the additional costs, if any, that may be required. As a result, no payables related to these costs have been recorded in the First Nation's records.

The First Nation, in the course of its operations, is subject to lawsuits. As a policy, management will accrue for losses in instances where it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated. At present, management has been given notice of a potential claim against the First Nation by a customer. At the date of the audit report, the amount of the claim is undeterminable.

16. Comparative Figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

17. Budget

The Management Action Plan (Budget) adopted by Council was not prepared on a basis consistent with that used to report actual results (public sector accounting standards). The budget was prepared on a modified accrual basis while public sector accounting standards now require a full accrual basis including amortization.

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2022

18. Expense by Object

The following is a summary of expenses by object:

	2022	2021
Amortization	\$ 2,553,176	\$ 2,368,646
Interest	373,718	460,675
Others (Admin fees, utilities, burials, others)	3,389,309	1,725,538
Professional services	439,530	383,460
Rent	48,623	118,800
Salaries and benefits	9,755,308	7,725,687
Repairs and maintenance	6,008,574	5,112,797
Program supplies	6,690,520	5,693,484
Social assistance	447,004	119,150
Training and development	372,381	293,574
Contractors	2,158,947	1,891,895
Post secondary	3,079,249	1,340,396
Insurance	527,456	406,635
Travel and fuel	1,384,221	876,792
	<hr/> \$ 37,228,016	<hr/> \$ 28,134,069

19. Segmented Information

The First Nation is a diversified community that provides a wide range of services to its members. For management reporting purposes the Berens River First Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations.

The services are provided by the several entities of Berens River First Nation. These activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed:

Public Works

Public Works contains all activities that relate to the maintenance of buildings and land of the First Nation.

Social Development

Social Development contains activities that provide financial support or support by other means to band members that is aimed at developing both the individual as well as the community.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

19. Segmented Information (continued)

Finance & Administration

Finance & Administration contains activities that are needed to run the Berens River Band organization.

Health Services

Health Services contains activities that provide medical services to band members.

Education

Education Services contains activities that provide education to band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

Training & Development

Training & Development contains activities that provide financial support or support by other means to band members and organizations situated on the First Nation reserve that is aimed at developing personal skills and businesses.

Housing

Housing contains activities that provide housing and repairs and maintenance to band members' housing.

Gaming

Gaming contains activities that provide gaming services to both band members and non-band members.

BERENS RIVER FIRST NATION
Notes to Consolidated Financial Statements

For the year ended March 31, 2022

19. Segmented Information (continued)

	2022									
	Mee-mee-wee-seepi & Public Works	Social Development	Finance & Administration	Health Services	Education	Training & Development	Housing	Gaming	Eliminations	Total
Revenue										
Federal	\$ 6,647,616	9,148,979	\$ 961,572	\$ 10,048,515	\$ 4,285,682	\$ 868,358	\$ -	\$ (2,876,073)	\$ 29,084,649	
Sundry	3,396,139	374,272	4,154,202	621,934	1,030,492	922,520	656,654			11,156,213
Total revenue	10,043,755	9,523,251	5,115,774	10,048,515	4,907,616	1,898,850	922,520	656,654	(2,876,073)	40,240,862
Expenses										
Salaries & other	6,161,533	8,611,922	2,117,161	5,763,843	4,745,713	1,006,379	822,508	402,353	(2,876,073)	26,755,339
Salaries & other	2,822,296	781,511	960,694	3,984,985	306,850	1,250,337	247,789	118,215	-	10,472,677
Total expenses	8,983,829	9,393,433	3,077,855	9,748,828	5,052,563	2,256,716	1,070,297	520,568	(2,876,073)	37,228,016
Annual surplus (deficit)	\$ 1,059,926	\$ 129,818	\$ 2,037,919	\$ 299,687	\$ (144,947)	\$ (357,866)	\$ (147,777)	\$ 136,086	\$ -	\$ 3,012,846
	2021									
	Public Works	Social Development	Finance & Administration	Health Services	Education	Training & Development	Housing	Gaming	Eliminations	Total
Revenue										
Federal	\$ 4,696,596	\$ 6,738,136	\$ 905,716	\$ 6,186,437	\$ 1,867,580	\$ 793,706	\$ -	\$ -	\$ 21,188,171	
Sundry	2,226,636	68,252	682,524	-	165,682	687,261	1,452,172	609,039	(3,316,438)	2,575,128
Total revenue	6,923,232	6,806,388	1,588,240	6,186,437	2,033,262	1,480,967	1,452,172	609,039	(3,316,438)	23,763,299
Expenses										
Salaries & other	6,209,318	6,148,521	2,642,131	1,537,410	1,829,321	636,824	773,062	454,153	(634,520)	19,596,220
Salaries & other	2,235,151	262,075	1,209,055	3,706,069	209,081	641,016	186,152	89,250	-	8,537,849
Total expenses	8,444,469	6,410,596	3,851,186	5,243,479	2,038,402	1,277,840	959,214	543,403	(634,520)	28,134,069
Annual surplus (deficit)	\$ (1,521,237)	\$ 395,792	\$ (2,262,946)	\$ 942,958	\$ (5,140)	\$ 203,127	\$ 492,958	65,636	\$ (2,681,918)	\$ (4,370,770)