
LITTLE GRAND RAPIDS FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2023

LITTLE GRAND RAPIDS FIRST NATION

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MARCH 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Little Grand Rapids First Nation are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

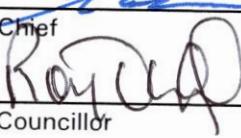
The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately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

The First Nation's Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

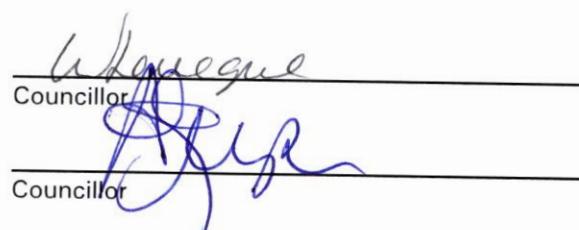
Management reviews the First Nation's financial statements with Chief and Council and recommends their approval. The Chief and Council meets periodically with management as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the annual report, the financial statements and the external auditors' report.

The consolidated financial statements have been audited by Baker Tilly HMA LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Baker Tilly HMA LLP has full and free access to the Management and Chief and Council.



Chief


Councillor



Councillor

Councillor

INDEPENDENT AUDITOR'S REPORT

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To the Chief, Council and Membership
Little Grand Rapids First Nation

Opinion

We have audited the accompanying consolidated financial statements of Little Grand Rapids First Nation, which comprise the consolidated statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Little Grand Rapids First Nation as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Little Grand Rapids 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 opinion.

Responsibilities of Management and Those Charged with Governance for the 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 Little Grand Rapids 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 Little Grand Rapids First Nation or to cease operations, or has no realistic alternative but to do so.

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

(continued.....)

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Little Grand Rapids 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 Little Grand Rapids 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 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 Little Grand Rapids First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Baker Tilly HMA LLP

Chartered Professional Accountants

Winnipeg, Manitoba
January 8, 2024

 **bakertilly**

LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at MARCH 31

2023

2022

FINANCIAL ASSETS

Cash	\$ 5,972,998	\$ 6,030,446
Restricted cash (Note 4)	5,516,578	8,652,300
Accounts receivable (Note 5)	8,887,506	4,100,478
Inventory (Note 6)	358,178	576,994
Investments (Note 7)	<u>3,399,700</u>	<u>3,027,701</u>
	<u>24,134,960</u>	<u>22,387,919</u>

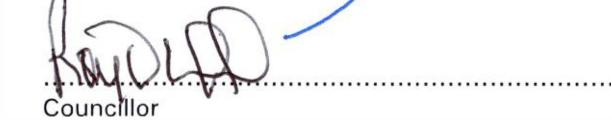
LIABILITIES

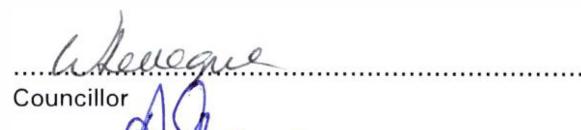
Accounts payable and accrued liabilities (Note 8)	5,175,756	5,903,214
Deferred revenue (Note 9)	9,990,208	8,091,532
Long term debt (Note 10)	<u>8,621,019</u>	<u>7,995,177</u>
	<u>23,786,983</u>	<u>21,989,923</u>
Net assets	<u>347,977</u>	<u>397,996</u>

NON-FINANCIAL ASSETS

Tangible capital assets (Note 11)	57,356,084	57,384,924
Construction in progress (Note 12)	36,573,916	32,876,214
Prepaid expenses	<u>236,248</u>	<u>454,074</u>
	<u>94,166,248</u>	<u>90,715,212</u>
Accumulated surplus	<u>\$ 94,514,225</u>	<u>\$ 91,113,208</u>

Approved by Chief and Council


Chief

Councillor


Councillor

Councillor

LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 2

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2023	2022
REVENUE			
Indigenous Services Canada	\$ 26,968,241	\$ 24,975,108	\$ 24,448,984
First Nations and Inuit Health	3,123,067	3,004,326	3,120,693
Canada Mortgage and Housing Corporation	310,386	370,583	1,326,607
Employment and Social Development Canada	914,200	880,998	301,069
Southeast College distributions	312,269	250,000	500,000
Assembly of Manitoba Chiefs	268,421	438,525	
Band generated revenue	6,109,824	7,065,106	2,294,092
South Beach Casino Partnership income	1,589,733	1,589,733	1,373,700
Rental	495,330	546,462	604,371
Other revenue	2,422,587	2,968,055	3,006,132
Elimination for inter-department transactions	<u>-</u>	<u>(1,638,551)</u>	<u>(1,157,924)</u>
	<u>42,514,058</u>	<u>40,450,345</u>	<u>35,817,724</u>
EXPENSES			
Band Governance	11,852,417	10,179,078	4,952,752
Social Assistance	8,639,880	7,492,950	5,587,405
Education	5,537,044	5,416,814	4,290,964
Community Infrastructure	11,897,652	10,076,208	9,689,428
Community Wellness	3,809,081	4,919,794	4,619,416
Land Management	49,175	49,175	48,443
Housing Authority	460,386	553,860	398,712
Elimination for inter-department transactions	<u>-</u>	<u>(1,638,551)</u>	<u>(1,157,924)</u>
	<u>42,245,635</u>	<u>37,049,328</u>	<u>28,429,196</u>
ANNUAL SURPLUS	268,423	3,401,017	7,388,528
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>91,113,208</u>	<u>91,113,208</u>	<u>83,724,680</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 91,381,631</u>	<u>\$ 94,514,225</u>	<u>\$ 91,113,208</u>

LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 3

STATEMENT OF CHANGE IN NET ASSETS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2023	2022
Annual surplus	\$ 268,423	\$ 3,401,017	\$ 7,388,528
Acquisition of tangible capital assets and construction in progress	(9,805,550)	(11,824,520)	
Amortization of tangible capital assets	6,136,688	5,710,419	
Disposal of tangible capital assets	-	-	242,537
	-	(3,668,862)	(5,871,564)
Acquisition of prepaid expenses	(236,248)	(454,074)	
Use of prepaid expenses	-	454,074	107,719
	-	217,826	(346,355)
CHANGE IN NET ASSETS FOR YEAR	268,423	(50,019)	1,170,609
NET ASSETS (DEBT), <i>beginning of year</i>	<u>397,996</u>	<u>397,996</u>	<u>(772,613)</u>
NET ASSETS, <i>end of year</i>	<u>\$ 666,419</u>	<u>\$ 347,977</u>	<u>\$ 397,996</u>

LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 4

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

2 0 2 3 2 0 2 2

CASH FLOW FROM

OPERATING ACTIVITIES

Cash received from Indigenous Services Canada	\$ 23,182,460	\$ 22,262,833
Cash receipts from funding agencies and other sources	16,018,083	15,856,637
Cash paid to suppliers and employees	(32,869,594)	(28,598,774)
Interest paid	(344,411)	(236,744)
	<u>5,986,538</u>	<u>9,283,952</u>

CAPITAL ACTIVITIES

Acquisition of construction in progress	(3,697,702)	(6,550,897)
Acquisition of tangible capital assets	(6,107,848)	(5,273,623)
Proceeds from sale of tangible capital assets	-	242,537
	<u>(9,805,550)</u>	<u>(11,581,983)</u>

FINANCING ACTIVITIES

Proceeds from long term debt	1,175,776	2,938,100
Repayment of long term debt	(549,934)	(2,891,417)
	<u>625,842</u>	<u>46,683</u>

NET DECREASE IN CASH DURING YEAR

CASH, <i>beginning of year</i>	<u>14,682,746</u>	<u>16,934,094</u>
CASH, <i>end of year</i>	<u>\$ 11,489,576</u>	<u>\$ 14,682,746</u>

CASH COMPRISED OF

Cash	\$ 5,972,998	\$ 6,030,446
Restricted cash	5,516,578	8,652,300
	<u>\$ 11,489,576</u>	<u>\$ 14,682,746</u>

LITTLE GRAND RAPIDS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

1. OPERATIONS

The Little Grand Rapids First Nation (the "First Nation") is located in the Province of Manitoba and provides various services to its members. The Little Grand Rapids First Nation financial reporting entity includes all related entities which 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 consolidated financial statements report the financial activities of all entities and departments comprising the reporting entity of Little Grand Rapids First Nation.

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

- Little Grand Rapids First Nation Band Administration
- Little Grand Rapids First Nation Bulk Fuels
- Little Grand Rapids First Nation Health Authority
- Miishipaawiitik Inc.
- 10123199 Manitoba Ltd.
- 10109798 Manitoba Ltd.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Little Grand Rapids First Nation business entities owned or controlled by the First Nation's Chief and Council but not dependent on the First Nation for their continuing operations and government partnerships are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- South Beach Casino Limited Partnership
- 10123199 Manitoba Ltd

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 provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, construction in progress and prepaid expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

CASH AND CASH EQUIVALENTS

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

RESTRICTED CASH

Restricted cash represents cash that is subject to external restrictions.

INVENTORY

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

INVESTMENTS

Portfolio investments are recorded at fair market value. Little Grand Rapid's investment in commercial enterprises are accounted using the modified equity method. Under the modified equity method, the cost of the investments are adjusted for Little Grand Rapid's share of the commercial enterprises' income or loss less dividends.

ASSET RETIREMENT OBLIGATION

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at management's best estimate at the present fair value of the estimated future cash flows required to settle the retirement obligation. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of operations.

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.

NON-FINANCIAL ASSETS

The First Nation's tangible capital assets and other non-financial 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2023****2. SIGNIFICANT ACCOUNTING POLICIES *(continued)******TANGIBLE CAPITAL ASSETS***

Tangible capital assets are stated at cost and recorded in the capital assets. Social housing assets acquired under Canada Mortgage and Housing Corporation sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long term debt. Amortization of tangible capital assets is recorded on a straight line basis at the following annual rates

Heavy equipment	10%
Equipment	10 - 20%
Buildings	2.5%
Infrastructure	2.5 - 3.3%
Vehicles	20 - 33%

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods or services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed tangible capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot reasonably be determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

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

SEGMENTS

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

REVENUErecognition

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS

Measurement

The First Nation measures all of its financial assets and financial liabilities at cost or amortized cost, except for the following, which are measured at fair value without any adjustment for transaction costs: derivatives, marketable securities in equity instruments that are quoted in an active market and marketable securities that the Nation has elected to measure at fair value. The effective interest rate method is used to determine interest revenue or expenses for financial instruments measured at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and federal trust funds. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

No financial assets are measured at fair value.

Transaction costs

Transaction costs attributable to financial instruments measured at fair value are recognized in the Statement of Operations in the period incurred. Transaction costs for financial instruments measured at cost or amortized cost are recognized in the original cost of the instrument.

Impairment

At the end of each reporting period, management assesses financial assets or groups of financial assets for evidence of objective impairment. An impairment loss is recognized in the Statement of Operations when there is a loss in value that is other than temporary. Future recoveries of impaired financial assets are recognized in the Statement of Operations when received.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates. Items requiring significant estimates include the allowance for doubtful accounts and the useful life of tangible capital assets.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization is based on the estimated useful lives of tangible capital assets.

Capitalization of labour costs is based on an estimate of the proportionate share of direct labour and overhead labour.

Asset retirement obligations are estimated based on the present value of the required cost at retirement of specific assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

3. CHANGE IN ACCOUNTING POLICY

On April 1, 2022, the First Nation adopted the PSAS Section (PS 3280) "Asset Retirement Obligations". The new standard includes the requirement for the recognition, measurement, presentation and disclosure of asset retirement obligations and is effective for year beginning on or after April 1, 2022. There was no significant impact on these consolidated financial statements as a result of the adoption of this standard as no legal or constructive obligations were identified.

FINANCIAL INSTRUMENTS

On April 1, 2022 the First Nation adopted the PSAS Section (PS3450) "Financial Instruments". The new standard establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. There was no significant impact on these consolidated financial statements as a result of the adoption of these standards.

As part of the adoption of PSAS 3450, on April 1, 2022, the First Nation was also required to adopt PSAS Section (PS 3041) "Portfolio Investments" which has removed the distinction between temporary and portfolio investments, PSAS Section (PS 2601) "Foreign Currency Translation" which requires unrealized gains and losses to be presented on the statement of re-measurement gains and losses and PSAS Section (PS 1201) "Financial Statement Presentation" which requires a new statement of re-measurement gains and losses separate from the statement of operations. The adoption of these standards/amendments had no significant impact on the First Nation's consolidated financial statements and there are no remeasurement gains and losses, so no statement has been presented.

4. RESTRICTED CASH

Ottawa Trust

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 the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

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 tangible capital assets. Under the terms of the agreements with 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. At March 31, 2023, \$2,530 (2022 - \$2,499) had been deposited into separate accounts leaving an under funded balance of \$1,048,388 (2022 - \$914,079).

First Nations Bank - Capital Project

Funds held by South East Resource Development Centre for the Capital Projects. These funds can only be used for eligible expenditures related to the Projects as outlined in the contribution agreement between Little Grand Rapids First Nation and Indigenous Services Canada.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

4. RESTRICTED CASH *(continued)*

At the end of the year, the restricted cash consisted of the following balances:

	2 0 2 3	2 0 2 2
Ottawa Trust	\$ 22,208	\$ 20,571
CMHC Replacement Reserve	2,530	2,499
First Nations Bank - LWSB Capital Project	<u>5,491,840</u>	<u>8,629,230</u>
	<u>\$ 5,516,578</u>	<u>\$ 8,652,300</u>

5. ACCOUNTS RECEIVABLE

	2 0 2 3	2 0 2 2
Indigenous Services Canada	\$	\$
Design & Construction - Construction H&S COVID Costs	401,206	
Design & Construction - Construction COVID Costs	5,584,591	1,359,855
Emergency Evacuation	12,500	
Firesmart	163,128	163,128
Preparedness/Mitigation	11,500	11,500
Response - 2021 July Power Outage	3,273	20,823
School Soil Remediation	60,986	
Road & Bridges	109,350	
ISC Basic Needs funding receivable 2021/22	215,802	283,931
ISC Basic Needs funding receivable 2020/21	260,961	
Emergency Evacuation	216,010	
First Nation and Inuit Health		
Canada Mortgage and Housing Corporation	83,023	21,484
Goods and services tax	91,054	80,674
Province of Manitoba	268,075	268,075
Trade and other receivables	<u>1,829,747</u>	<u>1,512,296</u>
Sub-total	<u>8,910,000</u>	<u>4,122,972</u>
Less: allowance for doubtful accounts	<u>(22,494)</u>	<u>(22,494)</u>
	<u>\$ 8,887,506</u>	<u>\$ 4,100,478</u>

6. INVENTORY

	2 0 2 3	2 0 2 2
Fuel	<u>\$ 358,178</u>	<u>\$ 576,994</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

7. LONG TERM INVESTMENTS

The investment in South Beach Casino Limited Partnership represents one seventh ownership of the 100 units issued by this Partnership, which was formed to develop the casino and hotel on the Brokenhead Ojibway First Nation land at Scanterbury, Manitoba.

	2 0 2 3	2 0 2 2
South Beach Casino Limited Partnership		
BALANCE, <i>beginning of year</i>	\$ 3,027,601	\$ 1,822,512
Share of earnings	1,589,733	1,373,700
Capital distribution	(1,000,000)	(1,000,000)
First Nation Trust Allocation	(181,362)	(140,509)
First Nation Trust Responsibility	(36,272)	(28,102)
BALANCE, <i>end of year</i>	<u>3,399,700</u>	<u>3,027,601</u>
10123199 Manitoba Ltd.	—	100
	<u>§ 3,399,700</u>	<u>§ 3,027,701</u>

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 3	2 0 2 2
Accrued interest	\$ 17,139	\$ 5,249
Accrued liabilities	119,500	151,721
Accrued wages	108,424	111,403
Holdback payable	460,844	198,190
Province of Manitoba	302,989	302,989
School Project payables	2,580,912	3,249,190
Trade payables and other	<u>1,585,948</u>	<u>1,884,472</u>
	<u>§ 5,175,756</u>	<u>§ 5,903,214</u>

9. DEFERRED REVENUE

	2 0 2 3	2 0 2 2
Indigenous Services Canada		
Housing Renovation	43,067	
Capital Major Renovation Extensions -2022	424,567	
ISC 7 Unit Housing Project	248,341	186,678
ISC 6 Unit Housing Project 2023-2024	701,609	
Renovation and Additions - 2023	366,021	
School Project	<u>8,495,502</u>	<u>7,141,084</u>
First Nation and Inuit Health Branch		
Pre-Capital for Nursing Station Replacement	178,735	125,000
Medical Transportation and Support	31,730	
Medical Transportation Administration	119,120	
CMHC Rapid Housing Initiative	—	20,286
	<u>§ 9,990,208</u>	<u>§ 8,091,532</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

10. LONG TERM DEBT

	2 0 2 3	2 0 2 2
Mortgage payable to CMHC, 3.29%, repayable in monthly installments of \$5,055 (P&I), due September 2027.	\$ 494,742	\$ 540,244
Mortgage payable to CMHC, 2.22%, repayable in monthly installments of \$2,398 (P&I), due January 2024.	142,494	167,815
Mortgage payable to CMHC, 1.86%, repayable in monthly installments of \$7,047 (P&I), due April 2024.	817,833	886,542
Mortgage payable to CMHC, 0.96%, repayable in monthly installments of \$1,769 (P&I), due March 2026.	226,311	245,272
Mortgage payable to CMHC, 3.12%, repayable in monthly installments of \$3,742 (P&I), due April 2028.	526,096	554,562
Mortgage payable to CMHC, 3.09%, repayable in monthly installments of \$3,236 (P&I), due February 2028.	331,554	360,782
Mortgage payable to CMHC, 2.14%, repayable in monthly installments of \$2,024 (P&I), due March 2024.	410,842	426,192
Mortgage payable to CMHC, 3.75%, repayable in monthly installments of \$3,395 (P&I), due July 2027.	645,888	
Mortgage payable to First Nations Bank of Canada, 5.29%, repayable in monthly installments of \$2,712 (P&I), due October 2023.	344,138	358,267
Mortgage payable to Royal Bank of Canada, 5.40%, repayable in monthly installments of \$3,547 (P&I), due June 2027.	508,888	
Term loan payable to First Nations Bank of Canada, 7.7%, repayable in monthly variable installments of \$6,376 plus interest, due March 2023.	567,050	643,557
Term loan payable to First Nations Bank of Canada, 4.55%, repayable in monthly installments of \$5,229 (P&I), due October 2025.	600,846	635,393
Term loan payable to First Nations Bank of Canada, 4.55%, repayable in monthly variable installments of \$2,100 plus interest, due December 2024.	346,525	371,726
Term loan payable to First Nations Bank of Canada, repayable at prime rate plus 2.10%, due March 2023.	1,000,732	1,055,685
Term loan payable to First Nations Bank of Canada, repayable at prime rate plus 1.85%, due December 2025.	<u>1,657,080</u>	<u>1,749,140</u>
	<u>\$ 8,621,019</u>	<u>\$ 7,995,177</u>

Mortgages payable to Canada Mortgage and Housing Corporation are secured by the specific assets financed and a ministerial guarantee by Indigenous Services Canada.

The aggregate of payments required in each of the next five years to meet retirement provisions is estimated to be as follows:

2024	\$ 565,392
2025	575,109
2026	585,174
2027	595,600
2028	606,401

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

11. PROPERTY, PLANT AND EQUIPMENT

COST						2023
	Heavy Equipment	Equipment	Buildings	Infrastructure	Vehicles	TOTAL
Beginning of year	\$ 5,536,789	\$ 224,027	\$ 25,811,508	\$ 53,802,612	\$ 4,749,491	\$ 90,124,427
Additions	905,032	176,645	3,874,621	31,704	1,119,846	6,107,848
Adjustments	<u>1,104,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,104,238</u>
End of year	<u>7,546,059</u>	<u>400,672</u>	<u>29,686,129</u>	<u>53,834,316</u>	<u>5,869,337</u>	<u>97,336,513</u>

ACCUMULATED AMORTIZATION

Beginning of year	5,374,977	151,782	4,629,628	19,133,069	3,450,047	32,739,503
Additions	323,006	40,651	1,097,089	3,990,508	685,434	6,136,688
Adjustments	<u>1,104,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,104,238</u>
End of year	<u>6,802,221</u>	<u>192,433</u>	<u>5,726,717</u>	<u>23,123,577</u>	<u>4,135,481</u>	<u>39,980,429</u>
NET BOOK VALUE	<u>\$ 743,838</u>	<u>\$ 208,239</u>	<u>\$ 23,959,412</u>	<u>\$ 30,710,739</u>	<u>\$ 1,733,856</u>	<u>\$ 57,356,084</u>

COST						2022
	Heavy Equipment	Equipment	Buildings	Infrastructure	Vehicles	TOTAL
Beginning of year	\$ 5,371,549	\$ 139,202	\$ 22,050,308	\$ 53,404,133	\$ 4,134,368	\$ 85,099,560
Additions	165,240	84,825	3,761,200	398,479	863,879	5,273,623
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(248,756)</u>	<u>(248,756)</u>
End of year	<u>5,536,789</u>	<u>224,027</u>	<u>25,811,508</u>	<u>53,802,612</u>	<u>4,749,491</u>	<u>90,124,427</u>

ACCUMULATED AMORTIZATION

Beginning of year	4,987,403	139,202	3,704,676	15,223,509	2,980,513	27,035,303
Additions	387,574	12,580	924,952	3,909,560	475,753	5,710,419
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,219)</u>	<u>(6,219)</u>
End of year	<u>5,374,977</u>	<u>151,782</u>	<u>4,629,628</u>	<u>19,133,069</u>	<u>3,450,047</u>	<u>32,739,503</u>
NET BOOK VALUE	<u>\$ 161,812</u>	<u>\$ 72,245</u>	<u>\$ 21,181,880</u>	<u>\$ 34,669,543</u>	<u>\$ 1,299,444</u>	<u>\$ 57,384,924</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

12. CONSTRUCTION IN PROGRESS

	2 0 2 3	2 0 2 2
ISC 6 Units Project 23/24 - CSK00	\$ 174,451	\$
Housing - CMHC Rapid Housing 6 Plex project	1,316,759	350,581
Housing - ISC 7 Unit project	249,800	752,382
CMHC Housing	170,174	976,815
CFS Office Building	250,550	708,804
Housing - CMHC Rapid Housing 9 unit project	34,412,182	94,221
Health JP Building	<u>36,573,916</u>	<u>29,993,411</u>
JP - 6 Bedroom Residence		
School project	<u>32,876,214</u>	

Construction in progress will be transferred to tangible capital assets upon completion and will be amortized accordingly.

13. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 2 3	2 0 2 2
Administration fees	\$ 1,255,955	\$ 964,457
Amortization of capital assets	6,136,688	5,710,419
Bank charges	34,881	31,060
Community events and assistance	2,628,431	1,784,242
Construction costs	2,515,050	
Equipment	478,342	405,164
Freight	4,526	77,689
Fuel and oil	1,395,633	749,948
Gravel crushing	344,411	622,278
Insurance	383,916	236,744
Interest on long term debt	110,847	283,984
Office and general	533,160	88,048
Other	38,487	645,342
Professional development	1,675,325	981,936
Professional fees	159,915	118,236
Rent	1,406,906	835,968
Repairs and maintenance	10,348,708	8,746,215
Salaries and benefits	5,199,557	4,880,266
Social assistance	2,417,193	1,120,435
Supplies	75,732	77,439
Telephone	1,094,136	697,519
Travel	417,416	466,191
Utilities	32,664	63,540
Vehicle operation and maintenance	(1,638,551)	(1,157,924)
Elimination for inter-department transactions	<u>37,049,328</u>	<u>28,429,196</u>

14. CONTINGENCIES

- a) The First Nation receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses to the various programs. In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their agreements. At this time no estimate of the requirements, if any, to reimburse the agencies can be made. For accounting purposes any amounts assessed or claims paid will be accounted for in the year of determination.
- b) The Province of Manitoba has claimed against Little Grand Rapids First Nation and a related corporate entity for \$302,989. Little Grand Rapids First Nation has counter-claimed in the amount of \$1,856,547 The outcome of the claim was not certain as at March 31, 2023.

15. ECONOMIC DEPENDENCE

Little Grand Rapids First Nation receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada.

16. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE

	2 0 2 3	2 0 2 2
Agreement No. 2021-MB-000028	\$ 29,480,967	\$ 30,442,077
Plus: Revenue deferred from previous years	8,071,246	4,453,669
Prior year Basic Needs top-up funding	8,587	67,406
Current year Basic Needs top-up funding	260,961	283,931
Emergency management on flood claim	216,010	
I.S.C. Capital Project funding directly to Shawano Consulting	398,479	
Less: Revenue deferred to following year	(9,990,208)	(8,071,246)
I.S.C. Recoveries	(4,639)	
Basic Needs top-up funding	(68,129)	-
 TOTAL I.S.C. AND F.N.I.H. REVENUE PER FINANCIAL STATEMENTS	 <u>\$ 27,979,434</u>	 <u>\$ 27,569,677</u>

REVENUE PER STATEMENT OF OPERATIONS (*Statement 2*)

Indigenous Services Canada	\$ 24,975,108	\$ 24,448,984
First Nations and Inuit Health	<u>3,004,326</u>	<u>3,120,693</u>
	\$ 27,979,434	\$ 27,569,677

17. FINANCIAL INSTRUMENTS

The First Nation, as part of its operations, carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant liquidity, interest, foreign currency, equity price or credit risks arising from these financial instruments, except as otherwise disclosed.

18. COMPARATIVE FIGURES

Certain prior year comparative amounts have been reclassified where necessary to conform to the presentation adopted for the current year.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

19. SEGMENTED DISCLOSURE

Little Grand Rapids First Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 2. The segment results for the year are as follows:

	BAND GOVERNANCE		SOCIAL ASSISTANCE		EDUCATION		COMMUNITY INFRASTRUCTURE	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues								
Federal Government								
ISC	\$ 1,181,202	\$ 2,314,928	\$ 8,887,653	\$ 5,851,495	\$ 5,809,382	\$ 6,580,514	\$ 8,787,701	\$ 8,991,645
FNIH								
CMHC							20,286	
ESDC	880,998	301,069						
Canadian Heritage	—	—	—	—	—	—	—	—
Subtotal	2,062,200	2,615,997	8,887,653	5,851,495	5,809,382	6,580,514	8,807,987	8,991,645
Other	<u>10,906,849</u>	<u>4,594,729</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,341,028</u>	<u>2,650,810</u>
Total revenue	<u>12,969,049</u>	<u>7,210,726</u>	<u>8,887,653</u>	<u>5,851,495</u>	<u>5,809,382</u>	<u>6,580,514</u>	<u>10,149,015</u>	<u>11,642,455</u>
Expenses								
Amortization	57,362						5,700,063	5,443,597
Debt servicing	203,740	141,091					92,489	79,028
Other	7,742,308	3,549,537	6,847,273	5,190,076	1,924,063	972,645	3,240,144	3,304,652
Salaries and benefits	<u>2,175,668</u>	<u>1,262,124</u>	<u>645,677</u>	<u>397,329</u>	<u>3,492,751</u>	<u>3,318,319</u>	<u>1,043,512</u>	<u>862,151</u>
Total expenses	<u>10,179,078</u>	<u>4,952,752</u>	<u>7,492,950</u>	<u>5,587,405</u>	<u>5,416,814</u>	<u>4,290,964</u>	<u>10,076,208</u>	<u>9,689,428</u>
Surplus (Deficit)	<u>\$ 2,789,971</u>	<u>\$ 2,257,974</u>	<u>\$ 1,394,703</u>	<u>\$ 264,090</u>	<u>\$ 392,568</u>	<u>\$ 2,289,550</u>	<u>\$ 72,807</u>	<u>\$ 1,953,027</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

19. SEGMENTED DISCLOSURE *(continued)*

	COMMUNITY WELLNESS		LAND MANAGEMENT		HOUSING AUTHORITY		ELIMINATIONS		TOTAL	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues										
Federal Government										
ISC	\$ 309,170	\$ 710,402	\$	\$	\$	\$	\$	\$	\$ 24,975,108	\$ 24,448,984
FNIH	3,004,326	3,120,693							3,004,326	3,120,693
CMHC					350,297	1,326,607			370,583	1,326,607
ESDC									880,998	301,069
Subtotal	<u>3,313,496</u>	<u>3,831,095</u>	<u>-</u>	<u>-</u>	<u>350,297</u>	<u>1,326,607</u>	<u>-</u>	<u>-</u>	<u>29,231,015</u>	<u>29,197,353</u>
Other	<u>198,904</u>	<u>265,985</u>	<u>49,175</u>	<u>48,443</u>	<u>361,925</u>	<u>218,328</u>	<u>(1,638,551)</u>	<u>(1,157,924)</u>	<u>11,219,330</u>	<u>6,620,371</u>
Total revenue	<u>3,512,400</u>	<u>4,097,080</u>	<u>49,175</u>	<u>48,443</u>	<u>712,222</u>	<u>1,544,935</u>	<u>(1,638,551)</u>	<u>(1,157,924)</u>	<u>40,450,345</u>	<u>35,817,724</u>
Expenses										
Amortization	136,722	36,228			242,541	230,594			6,136,688	5,710,419
Debt servicing					87,687	63,865			383,916	283,984
Other	1,838,352	1,723,192	2,795	2,148	223,632	104,253	(1,638,551)	(1,157,924)	20,180,016	13,688,579
Salaries and benefits	<u>2,944,720</u>	<u>2,859,996</u>	<u>46,380</u>	<u>46,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,348,708</u>	<u>8,746,214</u>
Total expenses	<u>4,919,794</u>	<u>4,619,416</u>	<u>49,175</u>	<u>48,443</u>	<u>553,860</u>	<u>398,712</u>	<u>(1,638,551)</u>	<u>(1,157,924)</u>	<u>37,049,328</u>	<u>28,429,196</u>
Surplus (Deficit)	<u>\$(1,407,394)</u>	<u>\$(522,336)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,362</u>	<u>\$ 1,146,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,401,017</u>	<u>\$ 7,388,528</u>