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LAKE MANTOBA TREATY 2 FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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# LAKE MANITOBA TREATY 2 FIRST NATION

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITORS' REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....STATEMENT 1

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS.....STATEMENT 2

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT.....STATEMENT 3

CONSOLIDATED STATEMENT OF CASH FLOWS.....STATEMENT 4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Lake Manitoba Treaty 2 First Nation are the responsibility of management and have been approved by the Chief and Council.

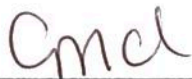
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist,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

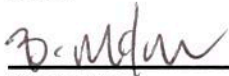
The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately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


Management reviews the First Nation's consolidated 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 consolidated 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.

  
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Chief

  
\_\_\_\_\_  
Councillor

  
\_\_\_\_\_  
Councillor

  
\_\_\_\_\_  
Councillor

**Baker Tilly HMA LLP**  
701 - 330 Portage Avenue  
Winnipeg, MB R3C 0C4

**T:** 204.989.2229  
**TF:** 1.866.730.4777  
**F:** 204.944.9923

winnipeg@bakertilly.ca  
**www.bakertilly.ca**

## **INDEPENDENT AUDITORS' REPORT**

To the Chief, Council and Membership  
Lake Manitoba Treaty 2 First Nation

### **Opinion**

We have audited the accompanying consolidated financial statements of Lake Manitoba Treaty 2 First Nation, which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and accumulated surplus, 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Lake Manitoba Treaty 2 First Nation as at March 31, 2021, 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 Lake Manitoba Treaty 2 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 Lake Manitoba Treaty 2 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 Lake Manitoba Treaty 2 First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Lake Manitoba Treaty 2 First Nation's financial reporting process.

*(continued.....)*

### **Auditors' 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 Lake Manitoba Treaty 2 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 Lake Manitoba Treaty 2 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 Lake Manitoba Treaty 2 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  
November 1, 2021

# LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2021

2020

### FINANCIAL ASSETS

Cash	\$ 1,125,507	\$
Restricted cash (Note 3)	489,130	552,786
Accounts receivable (Note 4)	270,871	2,108,082
Inventory (Note 5)	117,264	82,786
	<u>2,002,772</u>	<u>2,743,654</u>

### LIABILITIES

Bank indebtedness		757,685
Accounts payable and accrued liabilities (Note 6)	1,491,051	1,362,172
CMHC advances payable (Note 7)	640,644	670,411
Deferred revenue (Note 8)	529,050	921,453
Long-term debt (Note 9)	<u>15,541,382</u>	<u>15,568,183</u>
	<u>18,202,127</u>	<u>19,279,904</u>
NET DEBT	<u>(16,199,355)</u>	<u>(16,536,250)</u>

### NON-FINANCIAL ASSETS

PREPAID EXPENSES	164,816	265,919
TANGIBLE CAPITAL ASSETS (Note 19)	44,206,886	44,327,303
CONSTRUCTION IN PROGRESS (Note 10)	<u>5,894,734</u>	<u>6,096,724</u>
	<u>50,266,436</u>	<u>50,689,946</u>
ACCUMULATED SURPLUS	\$ <u>34,067,081</u>	\$ <u>34,153,696</u>
CONTINGENCIES (Note 17)		

Approved by Chief and Council

Chief

Councillor

Councillor

Councillor

# LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

MARCH 31

	BUDGET (UNAUDITED)	2 0 2 1	2 0 2 0
<b>REVENUE</b>			
Indigenous Services Canada	\$ 16,242,613	\$ 16,242,613	\$ 13,011,338
Province of Manitoba	520,000	521,059	503,457
Canada Mortgage and Housing Corporation	777,091	777,091	756,307
Employment and Social Development Canada	490,000	490,255	638,243
Sales - Gas Bar and Convenience Store	2,500,000	2,438,830	3,114,667
VLT revenue	500,000	475,900	1,139,020
Rental revenue - CMHC	343,280	343,280	362,877
Other revenue	1,650,000	1,924,714	1,657,490
Deferred from prior year	921,000	921,453	72,862
Deferred to next year	( 529,000)	( 529,050)	( 921,453)
	<u>23,414,984</u>	<u>23,606,145</u>	<u>20,334,808</u>
<b>EXPENDITURES</b>			
Administration	1,200,000	1,068,756	1,620,235
Capital projects	3,500,000	3,518,867	2,049,496
Community wellness	4,100,000	4,181,560	3,181,694
Community and economic development	4,500,000	4,449,264	5,606,306
Community services	3,500,000	3,635,860	2,148,859
Education	700,000	737,423	486,369
Housing	1,400,000	1,420,569	1,253,629
Social Services	4,500,000	4,680,461	3,722,875
	<u>23,400,000</u>	<u>23,692,760</u>	<u>20,069,463</u>
ANNUAL SURPLUS (DEFICIT)	14,984	( 86,615)	265,345
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>34,153,696</u>	<u>34,153,696</u>	<u>33,888,351</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 34,168,680</u>	<u>\$ 34,067,081</u>	<u>\$ 34,153,696</u>

# LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

MARCH 31

	BUDGET (UNAUDITED)	2 0 2 1	2 0 2 0
ANNUAL SURPLUS	\$ <u>14,984</u>	\$( <u>86,615</u> )	\$ <u>265,345</u>
Acquisition of tangible capital assets	( 1,500,000)	( 1,497,981)	( 967,748)
Amortization of tangible capital assets	<u>1,618,398</u>	<u>1,618,398</u>	<u>1,447,016</u>
	<u>118,398</u>	<u>120,417</u>	<u>479,268</u>
Acquisition of prepaid expenses	( 165,000)	( 164,816)	( 265,919)
Use of prepaid expenses	<u>265,920</u>	<u>265,919</u>	<u>61,007</u>
	<u>100,920</u>	<u>101,103</u>	( <u>204,912</u> )
Acquisition of construction in progress	( 6,000,000)	( 5,894,734)	( 6,096,724)
Use of construction in progress	<u>6,100,000</u>	<u>6,096,724</u>	<u>-</u>
	<u>100,000</u>	<u>201,990</u>	( <u>6,096,724</u> )
CHANGE IN NET DEBT FOR THE YEAR	334,302	336,895	( 5,557,023)
NET DEBT, <i>beginning of year</i>	( <u>16,536,250</u> )	( <u>16,536,250</u> )	( <u>10,979,227</u> )
NET DEBT, <i>end of year</i>	\$( <u>16,201,948</u> )	\$( <u>16,199,355</u> )	\$( <u>16,536,250</u> )



# LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

MARCH 31

	2021	2020
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash receipts from funding agencies and other sources	\$ 25,204,780	\$ 19,588,162
Cash paid to suppliers	(16,949,838)	(13,210,625)
Cash paid to employees	(4,326,308)	(4,095,291)
Interest paid	(200,755)	(325,128)
Distributions to the community	(400,569)	(736,346)
	<u>3,327,310</u>	<u>1,220,772</u>
<i>INVESTING ACTIVITIES</i>		
Purchase of tangible capital assets	(1,295,991)	(1,006,270)
Construction in progress		(6,096,724)
Replacement reserve replacements	(155,215)	(76,563)
	<u>(1,451,206)</u>	<u>(7,179,557)</u>
<i>FINANCING ACTIVITIES</i>		
Proceeds from long-term debt	646,214	7,406,411
Repayment of long-term debt	(702,782)	(1,144,881)
	<u>(56,568)</u>	<u>6,261,530</u>
NET INCREASE IN CASH DURING YEAR	1,819,536	302,745
CASH, <i>beginning of year</i>	(204,899)	(507,644)
CASH, <i>end of year</i>	<u>\$ 1,614,637</u>	<u>\$ (204,899)</u>
CASH COMPRISED OF		
Cash (Bank indebtedness)	\$ 1,125,507	\$ (757,685)
Restricted cash	<u>489,130</u>	<u>552,786</u>
	<u>\$ 1,614,637</u>	<u>\$ (204,899)</u>

# LAKE MANITOBA TREATY 2 FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

### 1. OPERATIONS

The Lake Manitoba Treaty 2 First Nation (the Nation) is located in the province of Manitoba, and provides various services to its members. The Lake Manitoba Treaty 2 First Nation financial reporting entity includes all related entities which are accountable to the Nation and are either owned or controlled by the Nation.

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### *REPORTING ENTITY*

The consolidated financial statements consolidate the financial activities of all entities and departments comprising the Nation reporting entity. Trusts administered on behalf of third parties by Lake Manitoba Treaty 2 First Nation are excluded from the Nation reporting entity.

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

- Lake Manitoba Treaty 2 First Nation Administration
- Lake Manitoba Waste and Water - PM Associates
- Lake Manitoba Treaty 2 First Nation Video Lottery Terminal (VLT) Program
- Lake Manitoba Treaty 2 First Nation Health Services
- Lake Manitoba Treaty 2 First Nation Convenience Store and Gas Bar
- Lake Manitoba Treaty 2 First Nation Housing Authority

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.

#### *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 available 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 the legal obligation to pay.

#### *CASH AND CASH EQUIVALENTS*

Cash resources include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

#### *FUNDS HELD IN OTTAWA TRUST FUND*

Funds held in trust on behalf of Nation members by the Government of Canada on Ottawa Trust Fund are reported as restricted cash. Trust monies consists of:

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)**INVENTORY*

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted - average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling costs.

*FINANCIAL INSTRUMENTS*

Financial instruments include cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise stated, it is management's opinion that Lake Manitoba Treaty 2 First Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Unless otherwise stated, the carrying value of the financial assets and liabilities approximates their fair value.

*SEGMENTS*

Lake Manitoba Treaty 2 First Nation conducts its business through eight reportable segments as identified in the further notes. These operating segments are established by senior management to facilitate the achievement of the entity's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

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 non-consolidated financial statements as disclosed in the significant accounting policies.

*TANGIBLE CAPITAL ASSETS*

Tangible capital assets are initially recorded at cost based on historical cost accounting records.

Tangible capital assets are amortized annually using the declining balance method at the rates intended to amortize the cost of the assets over the estimated useful lives:

	Rate
Buildings	1-5%
Equipment	10-30%
Computer equipment	20-50%
Vehicles	20-30%
Furniture and fixtures	20%
Flood equipment	20-40%
Leasehold improvements	5-20%
Infrastructure	5-10%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)**LONG-LIVED ASSETS*

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

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in the statement of operations for the year in which the asset becomes impaired.

*NON-FINANCIAL ASSETS*

The 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.

*NET DEBT*

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

*REVENUE RECOGNITION*

Government transfer revenue is recognized as it becomes receivable under the terms of applicable agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the statement of financial position in the year of receipt, and is matched with the related department expenses in the year of their occurrence.

Other revenue is recognized by the Nation when services are provided or goods are shipped.

The Nation recognizes gaming revenues on a net win basis (the difference between gaming wins and losses), including table games and slot machines, on a daily basis. Gaming revenues are net of commissions paid to Manitoba Lotteries Corporation, and net of accruals for anticipated payouts of progressive slot machine jackpots and certain progressive table game payouts. Management believes that it is appropriate to present these commissions net of gaming revenues as these amounts are fixed as per their agreement with Manitoba Lotteries Corporation.

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

*EMPLOYEE FUTURE BENEFITS*

The Nation's employee future benefit program consists of a defined contribution pension plan. The Nation's contributions to the defined contribution plan are expensed as incurred.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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2. SIGNIFICANT ACCOUNTING POLICIES *(continued)**PROVISION FOR SITE REHABILITATION*

Environmental law requires appropriate closure and post-closure care of landfill sites. This would include covering and landscaping of the site and ongoing environmental monitoring, site inspection and maintenance. No liability has been recorded as of March 31, 2021 as funding from agencies will offset any cost associated with the closure of landfill sites.

*MEASUREMENT UNCERTAINTY*

The preparation of the 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 financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after estimates as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Inventory is stated after provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

## 3. RESTRICTED CASH

	2 0 2 1	2 0 2 0
Secured Revenue Trust Account-First Nation Finance Authority	\$ 322,550	\$ 319,767
CMHC Replacement Reserve	159,656	136,690
Ottawa Trust Fund	6,924	6,490
Waste and Water - PM Associates		87,727
Borrow Pit - Ingram Consulting	-	2,112
	<u>\$ 489,130</u>	<u>\$ 552,786</u>

*Ottawa Trust*

The Ottawa Trust Fund arises 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 Nation's Council. Trust monies consists of:

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

*CMHC Replacement Reserve*

As required as part of the 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 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.

*Secured Revenues Trust Account - First Nation Finance Authority*

The Secured Revenues Trust Account (SRTA) is governed by the Secured Revenues Trust Management Agreement between the First Nation and the First Nation Finance Authority (FNFA) whereby 5% of any funds borrowed from the FNFA are held by the Authority in a fund as security for both bond and interim financing providers' payments.

## 4. ACCOUNTS RECEIVABLE

	2 0 2 1	2 0 2 0
Indigenous Services Canada	\$ 60,500	\$ 1,982,374
Canada Housing and Mortgage Corporation	64,884	61,947
First Peoples Development Inc.	43,515	51,052
Trade and other	<u>101,972</u>	<u>12,709</u>
	<u>\$ 270,871</u>	<u>\$ 2,108,082</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

## 5. INVENTORY

	2 0 2 1	2 0 2 0
Groceries and cigarettes	\$ 69,117	\$ 58,602
Fuel and diesel	<u>48,147</u>	<u>24,184</u>
	<u>\$ 117,264</u>	<u>\$ 82,786</u>

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 1	2 0 2 0
Trade payables	\$ 1,460,232	\$ 1,334,052
Payroll liabilities	16,291	12,200
Accrued interest	<u>14,528</u>	<u>15,920</u>
	<u>\$ 1,491,051</u>	<u>\$ 1,362,172</u>

## 7. CMHC ADVANCES PAYABLE

As of March 31, 2021 Canada Mortgage and Housing Corporation advanced \$640,644 of the total mortgage proceeds of \$1,367,286 towards the construction of the 6 Units Section 95 Project which was not completed as of March 31, 2021.

## 8. DEFERRED REVENUE

	2 0 2 1	2 0 2 0
ISC - Recovery	\$	\$ 810,000
ISC - Covid 19	285,535	
ISC - Community Facilities	85,200	
ISC - Jordan's Principal	124,400	111,453
ISC - Aboriginal Headstart	<u>33,915</u>	<u>-</u>
	<u>\$ 529,050</u>	<u>\$ 921,453</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

## 9. LONG TERM DEBT

	2 0 2 1	2 0 2 0
CIBC - repayable at \$4,775 monthly, including interest at 4.09% renews May 2021.	\$ 42,257	\$ 96,640
CIBC - repaid in full during the year.		18,420
CMHC - repayable at \$574 monthly, including interest 2.50%, renews June 2023, matures January 2033.	70,579	75,651
CMHC - repayable at \$680 monthly, including interest at 2.50%, renews June 2023, matures January 2033.	83,637	89,646
CMHC - repayable at \$3,457 monthly, including interest at 2.50%, renews June 2023, matures January 2033.	424,809	455,333
CMHC - repayable at \$5,197 monthly, including interest at 2.21%, renews February 2024, matures February 2034.	700,552	746,985
CMHC - repayable at \$9,228 monthly, including interest at 2.21%, renews February 2024, matures February 2034.	1,243,965	1,326,414
CMHC - repayable at \$2,273 monthly, including interest at 0.96%, renews March 2026, matures November 2034.	349,240	372,678
CMHC - repayable at \$3,341 monthly, including interest at 0.96%, renews March 2026, matures December 2035.	551,318	585,744
CMHC - repayable at \$2,922 monthly, including interest at 1.48%, renews January 2022, matures January 2037.	494,813	522,373
CMHC - repayable at \$4,783 monthly, including interest at 2.39%, renews March 2023, matures January 2038.	795,543	833,567
CMHC - repayable at \$1,627 monthly, including interest at 2.22%, renews January 2024, matures January 2039.	287,644	300,678
CMHC - repayable at \$1,432 monthly, including interest at 0.46%, renews May 2021, matures May 2040.	315,345	330,707
CMHC - repayable at \$9,618 monthly, including interest at 1.50%, renews July 2022, matures July 2032.	1,202,593	1,299,286
CMHC - repayable at \$14,674 monthly, including interest at 2.48%, renews August 2023, matures August 2033.	1,881,464	2,009,510
CMHC - repayable at \$4,026 monthly, including interest at 0.80%, renews May 2025, matures May 1, 2035.	646,972	
Noventis Credit Union - term loan repayable at \$36,623 including interest at 7.45% compounded monthly.	219,820	248,494
First Nation Finance Authority - repayable at \$14,316 plus interest at 2.72% compounded monthly.	<u>6,230,831</u>	<u>6,256,057</u>
	<u>\$ 15,541,382</u>	<u>\$ 15,568,183</u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

Loans payable are secured by specific assets financed and a ministerial guarantee by the Government of Canada.

Principal repayment terms are approximately:

2022	\$ 1,034,879
2023	784,110
2024	795,469
2025	807,422
2026	819,435
Thereafter	<u>11,300,067</u>
	<u>\$ 15,541,382</u>

## 10. CONSTRUCTION IN PROGRESS

*Section 95 Housing Project - CMHC*

During the year, the First Nation was involved in the construction of 6 units CMHC Housing project. The total cost of \$640,644, incurred as at March 31, 2021, is deferred until the subsequent year, when the project will be completed.

*Gas Bar and Convenience Store Expansion*

During the year, the First Nation was involved in the expansion of the convenience store and gas bar. The estimated total cost and completion of the project is not known at this time. As at March 31, 2021, \$4,228,815 was invested into this project and deferred until subsequent year.

*Health Facility Expansion*

During the year, the First Nation was involved in the expansion of the Health Building Facility managed by Oodanookatoh Inc.. The estimated total cost and completion of the project is not known at this time. As at March 31, 2021, \$374,500 was invested into this project and deferred until subsequent year.

*Band Housing Projects*

During the year, the First Nation was involved in the construction of multiple Band Housing project. The total cost of \$650,775 incurred as at March 31, 2021, is deferred until the subsequent year, when the projects will be completed.

## 11. RECONCILIATION OF ISC FUNDING

	2021	2020
ISC funding per confirmation	\$ 16,242,612	\$ 13,011,338
Add: prior year deferred revenue	921,453	72,862
Less: current year deferred revenue	( 529,050)	( 921,453)
ISC funding per financial statements	<u>\$ 16,635,015</u>	<u>\$ 12,162,747</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

## 12. CONSOLIDATED EXPENSES BY OBJECT

	2 0 2 1	2 0 2 0
Amortization	\$ 1,618,398	\$ 1,447,016
Bank charges and interest	200,755	325,128
Compensation and training	4,326,308	4,095,291
Cost of goods sold	2,395,008	3,021,301
Cultural	133,665	229,736
Other goods and services acquired for the Community	1,237,325	1,304,841
Renovations, repairs and maintenance	5,261,122	4,292,312
Social assistance	4,680,461	3,722,875
Support to community and members	3,030,943	736,346
Travel, accommodation, and related costs	661,887	802,777
Tuition	146,888	91,840
	<u>\$ 23,692,760</u>	<u>\$ 20,069,463</u>

## 13. SEGMENTS

The Nation has eight reportable segments. These segments are differentiated by the major activities or services they provide. The Nation's segments are as follows:

**Band Administration** - includes administration and governance activities.

**Social Assistance** - activities include delivering social programs.

**Community Services** - includes activities for the maintenance of the community and its infrastructure.

**Capital Projects** - includes activities related to the development and sustainment of on-reserve housing, mitigation and repairs of flood damage.

**Community and Economic Development** - reports on the Nation's funding related to development of the community.

**Education** - includes the operations of the education programs.

**Community Wellness** - reports on the Nation's funding related to health and wellness.

**Housing** - includes activities related to the development and sustainment of on-reserve housing.

## 14. ECONOMIC DEPENDENCE

The Lake Manitoba Treaty 2 First Nation receives its revenues from Indigenous Services Canada (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 Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

## 15. 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 related to the year ending March 31, 2021 might be recovered by these agencies.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2021**

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**16. SUBSEQUENT EVENT****COVID-19**

Since March 31, 2021, the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies around the world resulting in economic downturn. This may also cause staff shortages, increased government regulations or interventions, all of which may negatively impact the financial condition and/or results of operations of the First Nation. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and the severity of these developments.

**17. BUDGET INFORMATION**

The disclosed budget information has been approved by the Chief and Council of Lake Manitoba Treaty 2 First Nation. The budget figures have not been audited, reviewed or otherwise verified and consequently we do not express an opinion on them.

**18. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

## 19. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total	Total
							2 0 2 1	2 0 2 0
Land	\$ 220,500	\$	\$ 220,500	\$	\$	\$	\$ 220,500	\$ 220,500
Band buildings	5,277,469	710,570	5,988,039	3,886,397	115,404	4,001,801	1,986,238	1,391,072
Health building	347,008		347,008	21,336	8,660	29,996	317,012	325,672
CMHC buildings	16,055,405	564,307	16,619,712	5,975,928	648,882	6,624,810	9,994,902	10,079,477
Infrastructure	46,413,334		46,413,334	14,991,405	620,137	15,611,542	30,801,792	31,421,929
Heavy equipment	1,113,692	140,000	1,253,692	712,085	28,107	740,192	513,500	401,607
Vehicles	2,509,221	56,903	2,566,124	2,239,961	149,313	2,389,274	176,850	269,260
Furniture and fixtures	445,060		445,060	309,634	31,561	341,195	103,865	135,426
Equipment	778,722	26,201	804,923	701,920	13,508	715,428	89,495	76,802
Computers	179,076		179,076	173,518	2,826	176,344	2,732	5,558
	<u>\$ 73,339,487</u>	<u>\$ 1,497,981</u>	<u>\$ 74,837,468</u>	<u>\$ 29,012,184</u>	<u>\$ 1,618,398</u>	<u>\$ 30,630,582</u>	<u>\$ 44,206,886</u>	<u>\$ 44,327,303</u>

# LAKE MANITOBA TREATY 2 FIRST NATION

PAGE 12

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

### 20. SEGMENT DISCLOSURE

	ADMINISTRATION		SOCIAL ASSISTANCE		COMMUNITY SERVICES		CAPITAL PROJECTS		COMMUNITY AND ECONOMIC DEVELOPMENT	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues										
Federal Government										
ISC	\$ 1,165,733	\$ 789,012	\$ 5,094,504	\$ 3,689,889	\$ 1,654,454	\$ 1,320,639	\$ 2,856,100	\$ 2,893,537	\$ 278,293	\$ 95,204
CMHC										
ESDC	-	-	-	-	-	-	-	-	490,255	638,243
Subtotal	1,165,733	789,012	5,094,504	3,689,889	1,654,454	1,320,639	2,856,100	2,893,537	768,548	733,447
Other	494,492	1,339,311	-	-	932,358	-	810,000	(810,000)	3,690,264	4,883,702
Total revenue	1,660,225	2,128,323	5,094,504	3,689,889	2,586,812	1,320,639	3,666,100	2,083,537	4,458,812	5,617,149
Expenses										
Salaries and benefits	498,379	609,328	83,358	78,491	301,362	136,981	11,643	8,008	1,143,524	1,389,066
Debt servicing (interest)	19,860	117,602							6,164	9,088
Amortization							847,346	629,981	18,739	12,465
Other	550,517	893,305	4,597,103	3,644,384	3,334,498	2,011,878	2,659,878	1,411,507	3,280,837	4,195,687
Total expenses	1,068,756	1,620,235	4,680,461	3,722,875	3,635,860	2,148,859	3,518,867	2,049,496	4,449,264	5,606,306
Surplus (Deficit)	\$ 591,469	\$ 508,088	\$ 414,043	\$ (32,986)	\$ (1,049,048)	\$ (828,220)	\$ 147,233	\$ 34,041	\$ 9,548	\$ 10,843

# LAKE MANITOBA TREATY 2 FIRST NATION

PAGE 13

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

### 20. SEGMENT DISCLOSURE (continued)

	EDUCATION		COMMUNITY WELLNESS		HOUSING		TOTAL	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2020</u>
Revenues								
Federal Government								
ISC	\$ 505,360	\$ 678,662	\$ 4,688,169	\$ 3,544,395	\$ 777,091	\$ 756,307	\$ 16,242,613	\$ 13,011,338
CMHC							777,091	756,307
ESDC	-	-	-	-	-	-	490,255	638,243
Subtotal	<u>505,360</u>	<u>678,662</u>	<u>4,688,169</u>	<u>3,544,395</u>	<u>777,091</u>	<u>756,307</u>	<u>17,509,959</u>	<u>14,405,888</u>
Other	<u>3,000</u>	<u>-</u>	<u>( 344,607)</u>	<u>18,758</u>	<u>510,679</u>	<u>497,149</u>	<u>6,096,186</u>	<u>5,928,920</u>
Total revenue	<u>508,360</u>	<u>678,662</u>	<u>4,343,562</u>	<u>3,563,153</u>	<u>1,287,770</u>	<u>1,253,456</u>	<u>23,606,145</u>	<u>20,334,808</u>
Expenditures								
Salaries and benefits	404,635	14,857	1,883,407	1,858,560			4,326,308	4,095,291
Debt servicing					174,731	198,438	200,755	325,128
Amortization			103,431	107,950	648,882	696,620	1,618,398	1,447,016
Other	<u>332,788</u>	<u>471,512</u>	<u>2,194,722</u>	<u>1,215,184</u>	<u>596,956</u>	<u>358,571</u>	<u>17,547,299</u>	<u>14,202,028</u>
Total expenses	<u>737,423</u>	<u>486,369</u>	<u>4,181,560</u>	<u>3,181,694</u>	<u>1,420,569</u>	<u>1,253,629</u>	<u>23,692,760</u>	<u>20,069,463</u>
Surplus (Deficit)	<u>\$ ( 229,063)</u>	<u>\$ 192,293</u>	<u>\$ 162,002</u>	<u>\$ 381,459</u>	<u>\$ ( 132,799)</u>	<u>\$ ( 173)</u>	<u>\$ ( 86,615)</u>	<u>\$ 265,345</u>