
LAKE MANITOBA TREATY 2 FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

LAKE MANITOBA TREATY 2 FIRST NATION

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MARCH 31, 2022

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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.

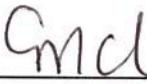
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, 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.

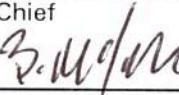
The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately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



Chief


Councillor



Councillor

Councillor

INDEPENDENT AUDITOR'S REPORT

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

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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, 2022, 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, 2022, 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.

LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

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FINANCIAL ASSETS

Cash	\$ 1,916,822	\$ 1,125,507
Restricted cash (Note 3)	2,771,893	489,130
Accounts receivable (Note 4)	258,982	270,871
Inventory (Note 5)	<u>154,237</u>	<u>117,264</u>
	<u>5,101,934</u>	<u>2,002,772</u>

LIABILITIES

Accounts payable and accrued liabilities (Note 6)	1,214,764	1,491,051
CMHC advances payable (Note 7)	528,812	640,644
Deferred revenue (Note 8)	2,923,558	529,050
Long-term debt (Note 9)	<u>16,465,590</u>	<u>15,541,382</u>
	<u>21,132,724</u>	<u>18,202,127</u>
NET DEBT	<u>(16,030,790)</u>	<u>(16,199,355)</u>

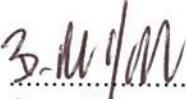
NON-FINANCIAL ASSETS

PREPAID EXPENSES	139,652	164,816
TANGIBLE CAPITAL ASSETS (Note 18)	44,195,992	44,206,886
CONSTRUCTION IN PROGRESS (Note 10)	<u>7,528,426</u>	<u>5,894,734</u>
	<u>51,864,070</u>	<u>50,266,436</u>
ACCUMULATED SURPLUS	<u>\$ 35,833,280</u>	<u>\$ 34,067,081</u>

CONTINGENCIES

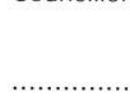
Approved by Chief and Council

Chief



Councillor

Councillor



Councillor

LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

MARCH 31

	BUDGET (UNAUDITED)	2022	2021
REVENUE			
Indigenous Services Canada	\$ 19,471,937	\$ 19,471,937	\$ 16,635,015
Province of Manitoba	735,498	735,577	521,059
Canada Mortgage and Housing Corporation	793,878	793,878	777,091
Employment and Social Development Canada	658,939	658,939	490,255
VLT revenue	731,300	731,317	475,900
Rental revenue - CMHC	356,889	356,889	343,280
Other revenue	<u>1,404,896</u>	<u>1,373,634</u>	<u>1,924,715</u>
	<u>24,153,337</u>	<u>24,122,171</u>	<u>21,167,315</u>
EXPENDITURES			
Administration	1,439,545	1,410,070	1,068,756
Capital projects	2,688,591	2,689,747	3,518,867
Community wellness	3,939,702	3,645,570	4,181,560
Community and economic development	2,364,139	2,364,059	2,010,434
Community services	4,824,300	4,827,142	3,635,860
Education	795,164	796,771	737,423
Housing	1,163,865	1,319,245	1,420,569
Social services	<u>5,302,600</u>	<u>5,303,368</u>	<u>4,680,461</u>
	<u>22,517,906</u>	<u>22,355,972</u>	<u>21,253,930</u>
ANNUAL SURPLUS (DEFICIT)	1,635,431	1,766,199	(86,615)
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>34,067,081</u>	<u>34,067,081</u>	<u>34,153,696</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 35,702,512</u>	<u>\$ 35,833,280</u>	<u>\$ 34,067,081</u>

LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

MARCH 31

	BUDGET (UNAUDITED)	2022	2021
ANNUAL SURPLUS	\$ 1,635,431	\$ 1,766,199	\$(86,615)
Acquisition of tangible capital assets	(1,900,000)	(1,766,856)	(1,497,981)
Amortization of tangible capital assets	<u>1,777,750</u>	<u>1,777,750</u>	<u>1,618,398</u>
	<u>(122,250)</u>	<u>10,894</u>	<u>120,417</u>
Acquisition of prepaid expenses	(140,000)	(139,652)	(164,816)
Use of prepaid expenses	<u>164,816</u>	<u>164,816</u>	<u>265,919</u>
	<u>24,816</u>	<u>25,164</u>	<u>101,103</u>
Acquisition of construction in progress	(7,500,000)	(7,528,426)	(5,894,734)
Use of construction in progress	<u>5,800,000</u>	<u>5,894,734</u>	<u>6,096,724</u>
	<u>(1,700,000)</u>	<u>(1,633,692)</u>	<u>201,990</u>
CHANGE IN NET DEBT FOR THE YEAR	(162,003)	168,565	336,895
NET DEBT, <i>beginning of year</i>	<u>(16,199,355)</u>	<u>(16,199,355)</u>	<u>(16,536,250)</u>
NET DEBT, <i>end of year</i>	<u>\$(16,361,358)</u>	<u>\$(16,030,790)</u>	<u>\$(16,199,355)</u>

LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

MARCH 31

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CASH FLOW FROM

OPERATING ACTIVITIES

Cash receipts from funding agencies and other sources	\$ 26,528,568	\$ 25,204,780
Cash paid to suppliers	(16,092,926)	(16,949,838)
Cash paid to employees	(4,144,177)	(4,326,308)
Interest paid	(223,702)	(200,755)
Distributions to the community	<u>(385,314)</u>	<u>(400,569)</u>
	<u>5,682,449</u>	<u>3,327,310</u>

INVESTING ACTIVITIES

Purchase of tangible capital assets	(1,766,856)	(1,295,991)
Construction in progress	(1,633,692)	-
Replacement reserve replacements	<u>(232,029)</u>	<u>(155,215)</u>
	<u>(3,632,577)</u>	<u>(1,451,206)</u>

FINANCING ACTIVITIES

Proceeds from long-term debt	2,237,256	646,214
Repayment of long-term debt	<u>(1,213,050)</u>	<u>(702,782)</u>
	<u>1,024,206</u>	<u>(56,568)</u>

NET INCREASE IN CASH DURING YEAR

CASH, <i>beginning of year</i>	<u>1,614,637</u>	<u>(204,899)</u>
CASH, <i>end of year</i>	<u>\$ 4,688,715</u>	<u>\$ 1,614,637</u>

CASH COMPRISED OF

Cash (Bank indebtedness)	\$ 1,916,822	\$ 1,125,507
Restricted cash	<u>2,771,893</u>	<u>489,130</u>
	<u>\$ 4,688,715</u>	<u>\$ 1,614,637</u>

LAKE MANITOBA TREATY 2 FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

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, 2022****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, 2022****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, 2022****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, 2022

3. RESTRICTED CASH

	2 0 2 2	2 0 2 1
Secured Revenue Trust Account-First Nation Finance Authority	\$ 327,503	\$ 322,550
CMHC Replacement Reserve	150,430	159,656
Ottawa Trust Fund	7,402	6,924
Capital Investment - New Health Centre	<u>2,286,558</u>	-
	<u>\$ 2,771,893</u>	\$ 489,130

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.

Capital Investment - ODK Engineering

Funds held by ODK Engineering are restricted for use on the construction.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

4. ACCOUNTS RECEIVABLE

	2 0 2 2	2 0 2 1
Province of Manitoba	\$ 125,411	\$ 101,972
Indigenous Services Canada	60,500	
Canada Housing and Mortgage Corporation	64,744	64,884
First Peoples Development Inc.	<u>68,827</u>	<u>43,515</u>
	<u><u>\$ 258,982</u></u>	<u><u>\$ 270,871</u></u>

5. INVENTORY

	2 0 2 2	2 0 2 1
Groceries and cigarettes	\$ 95,977	\$ 69,117
Fuel and diesel	<u>58,260</u>	<u>48,147</u>
	<u><u>\$ 154,237</u></u>	<u><u>\$ 117,264</u></u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 2	2 0 2 1
Trade payables	\$ 1,180,386	\$ 1,460,232
Payroll liabilities	20,746	16,291
Accrued interest	<u>13,632</u>	<u>14,528</u>
	<u><u>\$ 1,214,764</u></u>	<u><u>\$ 1,491,051</u></u>

7. CMHC ADVANCES PAYABLE

As of March 31, 2022 Canada Mortgage and Housing Corporation advanced \$528,812 of the total mortgage proceeds of \$919,958 towards the construction of the 6 Units Section 95 Project which was not completed as of March 31, 2022.

8. DEFERRED REVENUE

	2 0 2 2	2 0 2 1
ISC - Recovery	\$ 457,000	\$ 285,535
ISC - Covid 19		85,200
ISC - Community Facilities	2,286,558	
ISC - Capital Investment	<u>180,000</u>	<u>124,400</u>
ISC - Jordan's Principal	-	33,915
ISC - Aboriginal Headstart	<u><u>\$ 2,923,558</u></u>	<u><u>\$ 529,050</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

9. LONG TERM DEBT

	2 0 2 2	2 0 2 1
CIBC - paid in full.	\$	\$ 42,257
CMHC - repayable at \$574 monthly, including interest 2.50%, renews June 2023, matures January 2033.	65,384	70,579
CMHC - repayable at \$680 monthly, including interest at 2.50%, renews June 2023, matures January 2033.	77,481	83,637
CMHC - repayable at \$3,457 monthly, including interest at 2.50%, renews June 2023, matures January 2033.	393,543	424,809
CMHC - repayable at \$5,197 monthly, including interest at 2.21%, renews February 2024, matures February 2034.	653,126	700,552
CMHC - repayable at \$9,228 monthly, including interest at 2.21%, renews February 2024, matures February 2034.	1,159,750	1,243,965
CMHC - repayable at \$2,273 monthly, including interest at 0.96%, renews March 2026, matures November 2034.	325,207	349,240
CMHC - repayable at \$3,341 monthly, including interest at 0.96%, renews March 2026, matures December 2035.	516,353	551,318
CMHC - repayable at \$2,926 monthly, including interest at 1.50%, renews January 2027, matures January 2037.	466,868	494,813
CMHC - repayable at \$4,783 monthly, including interest at 2.39%, renews March 2023, matures January 2038.	756,649	795,543
CMHC - repayable at \$1,627 monthly, including interest at 2.22%, renews January 2024, matures January 2039.	274,334	287,644
CMHC - repayable at \$1,537 monthly, including interest at 1.22%, renews May 2026, matures May 2040.	300,466	315,345
CMHC - repayable at \$9,618 monthly, including interest at 1.50%, renews July 2022, matures July 2032.	1,104,488	1,202,593
CMHC - repayable at \$14,674 monthly, including interest at 2.48%, renews August 2023, matures August 2033.	1,750,336	1,881,464
CMHC - repayable at \$4,026 monthly, including interest at 0.80%, renews May 2025, matures May 1, 2035.	603,665	646,972
CMHC - repayable at \$2,700 monthly, including interest at 1.12%, renews May 2025, matures October 1, 2036.	435,873	
Noventis Credit Union - term loan repayable at \$30,357 including interest at prime (3.70%) plus 4.50% compounded monthly, matures November 2022.	234,449	219,820
First Nation Finance Authority - repayable at \$26,305 plus interest at 1.75% compounded monthly.	7,347,618	6,230,831
	<u>\$ 16,465,590</u>	<u>\$ 15,541,382</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Principal repayment terms are approximately:

2023	\$ 1,254,432
2024	931,653
2025	943,921
2026	956,252
2027	968,833

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 \$528,812, incurred as at March 31, 2022, 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, 2022, \$4,911,175 was invested into this project and deferred until subsequent year.

New Health Facility

During the year, the First Nation was involved in the construction 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, 2022, \$2,088,439 was invested into this project and deferred until subsequent year.

11. RECONCILIATION OF ISC FUNDING

	2 0 2 2	2 0 2 1
ISC funding per confirmation	\$ 21,866,445	\$ 16,242,612
Add: prior year deferred revenue	529,050	921,453
Less: current year deferred revenue	<u>(2,923,558)</u>	<u>(529,050)</u>
ISC funding per financial statements	<u><u>\$ 19,471,937</u></u>	<u><u>\$ 16,635,015</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

12. CONSOLIDATED EXPENSES BY OBJECT

	2 0 2 2	2 0 2 1
Amortization	\$ 1,777,750	\$ 1,618,398
Bank charge and interest	223,702	200,755
Compensation and benefits	4,144,177	4,326,308
Cultural	201,212	133,665
Other goods and service acquired for the community	3,219,932	3,823,876
Renovations, repair and maintenance	6,123,844	5,261,122
Social assistance	5,195,669	4,680,461
Support to community and member	385,314	400,570
Travel, accommodation and related costs	932,790	661,887
Tuition	<u>151,582</u>	<u>146,888</u>
	<u><u>\$ 22,355,972</u></u>	<u><u>\$ 21,253,930</u></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, 2022 might be recovered by these agencies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2022****16. 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.

17. 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, 2022

18. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total	
							2022	2021
Land	\$ 220,500	\$ 220,500		\$ 4,001,801	\$ 145,204	\$ 4,147,005	\$ 220,500	\$ 220,500
Band buildings	6,026,560	1,130,821	7,157,381	29,996	8,650	38,646	3,010,375	2,024,759
Health building	347,008		347,008				308,362	317,012
CMHC buildings	16,581,191	322,259	16,903,450	6,796,171	649,894	7,446,065	9,457,385	9,785,020
Infrastructure	46,413,334		46,413,334	15,435,921	765,143	16,201,064	30,212,270	30,977,413
Heavy equipment	954,303	270,000	1,224,303	655,002	45,323	700,325	523,978	299,301
Vehicles	2,865,513	43,777	2,909,290	2,479,426	122,603	2,602,029	307,261	386,087
Furniture and fixtures	445,060		445,060	336,719	21,668	358,387	86,673	108,341
Equipment	804,923		804,923	719,904	17,888	737,792	67,131	85,019
Computers	179,076		179,076	175,642	1,377	177,019	2,057	3,434
	<u>\$ 74,837,468</u>	<u>\$ 1,766,857</u>	<u>\$ 76,604,325</u>	<u>\$ 30,630,582</u>	<u>\$ 1,777,750</u>	<u>\$ 32,408,332</u>	<u>\$ 44,195,992</u>	<u>\$ 44,206,886</u>

LAKE MANITOBA TREATY 2 FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

19. SEGMENT DISCLOSURE

	ADMINISTRATION <u>2022</u>		SOCIAL ASSISTANCE <u>2022</u>		COMMUNITY SERVICES <u>2022</u>		CAPITAL PROJECTS <u>2022</u>		EDUCATION <u>2022</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues										
Federal Government										
ISC	\$ 1,000,890	\$ 1,165,733	\$ 5,833,653	\$ 5,094,504	\$ 4,663,914	\$ 1,654,454	\$ 873,244	\$ 2,856,100	\$ 972,546	\$ 505,360
CMHC	—	—	—	—	—	—	15,600	—	—	—
ESDC	—	—	—	—	—	—	—	—	—	—
Subtotal	1,000,890	1,165,733	5,833,653	5,094,504	4,663,914	1,654,454	888,844	2,856,100	972,546	505,360
Other	332,050	494,492	—	—	65,783	932,358	20,014	810,000	24,262	3,000
Total revenue	1,332,940	1,660,225	5,833,653	5,094,504	4,729,697	2,586,812	908,858	3,666,100	996,808	508,360
Expenses										
Salaries and benefits	549,901	498,379	107,699	83,358	278,975	301,362	37,862	11,643	152,302	404,635
Debt servicing (interest)	38,676	19,860	—	—	—	—	1,024,905	847,346	—	—
Amortization	—	—	—	—	—	—	1,626,980	2,659,878	644,469	332,788
Other	821,493	550,517	5,195,669	4,597,103	4,548,167	3,334,498	—	—	—	—
Total expenses	1,410,070	1,068,756	5,303,368	4,680,461	4,827,142	3,635,860	2,689,747	3,518,867	796,771	737,423
Surplus (Deficit)	\$(77,130)	\$ 591,469	\$ 530,285	\$ 414,043	\$(97,445)	\$(1,049,048)	\$(1,780,889)	\$ 147,233	\$ 200,037	\$(229,063)

LAKE MANITOBA TREATY 2 FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

19. SEGMENT DISCLOSURE (continued)

	COMMUNITY WELLNESS		COMMUNITY AND ECONOMIC DEVELOPMENT		HOUSING		TOTAL	
			2022	2021	2022	2021	2022	2022
	2022	2021	2022	2021	2022	2021	2022	2021
Revenues								
Federal Government								
ISC	\$ 8,163,410	\$ 4,688,169	\$ 358,788	\$ 278,293	\$ 778,278	\$ 777,091	\$ 21,866,445	\$ 16,242,613
CMHC							793,878	777,091
ESDC	—	—	658,939	490,255	—	—	658,939	490,255
Subtotal	<u>8,163,410</u>	<u>4,688,169</u>	<u>1,017,727</u>	<u>768,548</u>	<u>778,278</u>	<u>777,091</u>	<u>23,319,262</u>	<u>17,509,959</u>
Other	(2,329,508)	(344,607)	2,333,419	1,251,434	356,889	510,679	802,909	3,657,356
Total revenue	<u>5,833,902</u>	<u>4,343,562</u>	<u>3,351,146</u>	<u>2,019,982</u>	<u>1,135,167</u>	<u>1,287,770</u>	<u>24,122,171</u>	<u>21,167,315</u>
Expenditures								
Salaries and benefits	1,843,524	1,883,407	1,173,914	1,143,524			4,144,177	4,326,308
Debt servicing			14,772	6,164	170,254	174,731	223,702	200,755
Amortization	92,699	103,431	10,252	18,739	649,894	648,882	1,777,750	1,618,398
Other	1,709,347	2,194,722	1,165,121	842,007	499,097	596,956	16,210,343	15,108,469
Total expenses	<u>3,645,570</u>	<u>4,181,560</u>	<u>2,364,059</u>	<u>2,010,434</u>	<u>1,319,245</u>	<u>1,420,569</u>	<u>22,355,972</u>	<u>21,253,930</u>
Surplus (Deficit)	<u>\$ 2,188,332</u>	<u>\$ 162,002</u>	<u>\$ 987,087</u>	<u>\$ 9,548</u>	<u>\$ (184,078)</u>	<u>\$ (132,799)</u>	<u>\$ 1,766,199</u>	<u>\$ (86,615)</u>