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LAKE MANITOBA TREATY 2 FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

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# LAKE MANITOBA TREATY 2 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 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.

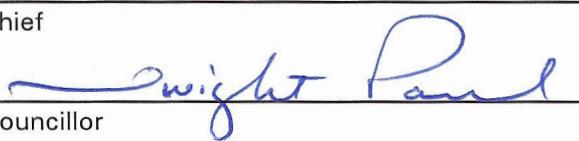
Management reviews the First Nation's consolidated financial statements with Chief and Council and recommends their approval. The Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters 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.

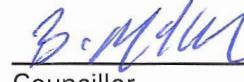
Chief



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, 2023, 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, 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 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

2023

2022

### FINANCIAL ASSETS

Cash	\$ 5,134,008	\$ 1,916,822
Restricted cash (Note 4)	714,922	2,771,893
Accounts Receivable (Note 5)	537,557	258,982
Inventory (Note 6)	164,152	154,237
	<u>6,550,639</u>	<u>5,101,934</u>

### LIABILITIES

Accounts Payable and accrued liabilities (Note 7)	2,415,476	1,214,764
CMHC advances payable (Note 8)	528,812	528,812
Deferred revenue (Note 9)	2,622,978	2,923,558
Long-term debt (Note 10)	<u>15,483,044</u>	<u>16,465,590</u>
	<u>21,050,310</u>	<u>21,132,724</u>
NET DEBT	<u>(14,499,671)</u>	<u>(16,030,790)</u>

### NON-FINANCIAL ASSETS

PREPAID EXPENSES	132,205	139,652
TANGIBLE CAPITAL ASSETS (Note 19)	46,033,518	44,195,992
CONSTRUCTION IN PROGRESS (Note 11)	<u>12,849,739</u>	<u>7,528,426</u>
	<u>59,015,462</u>	<u>51,864,070</u>
ACCUMULATED SURPLUS	<u>\$ 44,515,791</u>	<u>\$ 35,833,280</u>
CONTINGENCIES (Note 16)		

Approved by Chief and Council

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Chief  
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Councillor  
.....  
Councillor

*Cmcl*  
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*Wright Paul*

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Councillor  
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*AS*  
.....  
Councillor

*B. Adams*

# LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

MARCH 31

	BUDGET (UNAUDITED)	2023	2022
<b>REVENUE</b>			
Indigenous Services Canada	\$ 27,204,258	<b>\$ 24,581,279</b>	\$ 19,471,937
Province of Manitoba	170,000	<b>169,662</b>	735,577
Canada Mortgage and Housing Corporation	779,901	<b>779,901</b>	793,878
Employment and Social Development Canada	660,981	<b>660,985</b>	658,939
VLT revenue	750,000	<b>1,007,548</b>	731,317
Rental revenue - CMHC	336,912	<b>336,912</b>	356,889
Other revenue	<u>1,300,000</u>	<u><b>2,212,047</b></u>	<u>1,373,634</u>
	<u>31,202,052</u>	<u><b>29,748,334</b></u>	<u>24,122,171</u>
<b>EXPENDITURES</b>			
Administration	1,410,000	<b>1,448,566</b>	1,410,070
Capital projects	2,700,000	<b>2,813,696</b>	2,689,747
Community wellness	3,645,000	<b>3,764,404</b>	3,645,570
Community and economic development	2,364,000	<b>2,314,666</b>	2,364,059
Community services	3,470,000	<b>3,469,537</b>	4,827,142
Education	800,000	<b>955,490</b>	796,771
Housing	1,172,700	<b>1,172,731</b>	1,319,245
Social services	<u>5,300,000</u>	<u><b>5,126,733</b></u>	<u>5,303,368</u>
	<u>20,861,700</u>	<u><b>21,065,823</b></u>	<u>22,355,972</u>
ANNUAL SURPLUS	10,340,352	<b>8,682,511</b>	1,766,199
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>35,833,280</u>	<u><b>35,833,280</b></u>	<u>34,067,081</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 46,173,632</u>	<u><b>\$ 44,515,791</b></u>	<u>\$ 35,833,280</u>

# LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

MARCH 31

	BUDGET (UNAUDITED)	2023	2022
ANNUAL SURPLUS	\$ 10,340,352	\$ 8,682,511	\$ 1,766,199
Acquisition of tangible capital assets	( 2,500,000)	( 3,687,452)	( 1,766,856)
Amortization of tangible capital assets	<u>1,820,000</u>	<u>1,849,926</u>	<u>1,777,750</u>
	( 680,000)	( 1,837,526)	10,894
Acquisition of prepaid expenses	( 140,000)	( 132,205)	( 139,652)
Use of prepaid expenses	<u>164,000</u>	<u>139,652</u>	<u>164,816</u>
	24,000	7,447	25,164
Acquisition of construction in progress	( 12,850,000)	( 12,849,739)	( 7,528,426)
Use of construction in progress	<u>7,500,000</u>	<u>7,528,426</u>	<u>5,894,734</u>
	( 5,350,000)	( 5,321,313)	( 1,633,692)
CHANGE IN NET DEBT FOR THE YEAR	4,334,352	1,531,119	168,565
NET DEBT, <i>beginning of year</i>	( 16,030,790)	( 16,030,790)	( 16,199,355)
NET DEBT, <i>end of year</i>	<u>\$ ( 11,696,438)</u>	<u>\$ ( 14,499,671)</u>	<u>\$ ( 16,030,790)</u>

# LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

MARCH 31

	2 0 2 3	2 0 2 2
<b>CASH FLOW FROM</b>		
<i>OPERATING ACTIVITIES</i>		
Cash receipts from funding agencies and other sources	\$ 29,169,179	\$ 26,528,568
Cash paid to suppliers	(12,526,265)	(16,092,926)
Cash paid to employees	( 4,614,211)	( 4,144,177)
Interest paid	( 212,425)	( 223,702)
Distributions to the community	( 528,711)	( 385,314)
	<u>11,287,567</u>	<u>5,682,449</u>
<i>INVESTING ACTIVITIES</i>		
Purchase of tangible capital assets	( 3,687,452)	( 1,766,856)
Construction in progress	( 5,321,313)	( 1,633,692)
Replacement reserve replacements	( 136,040)	( 232,029)
	<u>( 9,144,805)</u>	<u>( 3,632,577)</u>
<i>FINANCING ACTIVITIES</i>		
Proceeds from long-term debt	1,300,000	2,237,256
Repayment of long-term debt	( 2,282,547)	( 1,213,050)
	<u>( 982,547)</u>	<u>1,024,206</u>
NET INCREASE IN CASH DURING YEAR	<b>1,160,215</b>	3,074,078
CASH, <i>beginning of year</i>	<u>4,688,715</u>	<u>1,614,637</u>
CASH, <i>end of year</i>	<b><u>\$ 5,848,930</u></b>	<b><u>\$ 4,688,715</u></b>

## CASH COMPRISED OF

Operating cash	\$ 5,134,008	\$ 1,916,822
Restricted cash	<u>714,922</u>	<u>2,771,893</u>
	<b><u>\$ 5,848,930</u></b>	<b><u>\$ 4,688,715</u></b>

# LAKE MANITOBA TREATY 2 FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

### 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 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, 2023****2. SIGNIFICANT ACCOUNTING POLICIES *(continued)******ASSET RETIREMENT OBLIGATIONS***

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 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.

***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*****Measurement**

The Lake Manitoba Treaty 2 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 the 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.

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

**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.

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

***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, 2023 as funding from agencies will offset any cost associated with the closure of landfill sites.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2023****2. SIGNIFICANT ACCOUNTING POLICIES *(continued)******USE OF ESTIMATES***

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.

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

**3. CHANGE IN ACCOUNTING POLICY*****ASSET RETIREMENT OBLIGATIONS***

On April 1, 2022, the Lake Manitoba Treaty 2 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 years 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 Lake Manitoba Treaty 2 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 Lake Manitoba Treaty 2 First Nation was also required to adopt PSAS Section (PS3041) "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 (PS1201) "Financial Statement Presentation" which required 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 Nation's consolidated financial statements and there are no remeasurement gains and losses, so no statement has been presented.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

## 4. RESTRICTED CASH

	2 0 2 3	2 0 2 2
Secured Revenue Trust Account-First Nation Finance Authority	\$ 345,582	\$ 327,503
CMHC Replacement Reserve	180,316	150,430
Ottawa Trust Fund	7,992	7,402
Capital Investment - New Health Centre	<u>181,032</u>	<u>2,286,558</u>
	<u>\$ 714,922</u>	<u>\$ 2,771,893</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.

*Capital Investment - ODK Engineering*

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

# LAKE MANITOBA TREATY 2 FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2023**

### 5. ACCOUNTS RECEIVABLE

	2 0 2 3	2 0 2 2
Province of Manitoba	\$ 38,225	\$ 125,411
Indigenous Services Canada	339,748	
Canada Housing and Mortgage Corporation	66,057	64,744
First Peoples Development Inc.	<u>93,527</u>	<u>68,827</u>
	<u><u>\$ 537,557</u></u>	<u><u>\$ 258,982</u></u>

### 6. INVENTORY

	2 0 2 3	2 0 2 2
Groceries and cigarettes	\$ 95,561	\$ 95,977
Fuel and diesel	<u>68,591</u>	<u>58,260</u>
	<u><u>\$ 164,152</u></u>	<u><u>\$ 154,237</u></u>

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 3	2 0 2 2
Trade payables	\$ 2,372,924	\$ 1,180,386
Payroll liabilities	27,184	20,746
Accrued interest	<u>15,368</u>	<u>13,632</u>
	<u><u>\$ 2,415,476</u></u>	<u><u>\$ 1,214,764</u></u>

### 8. CMHC ADVANCES PAYABLE

As of March 31, 2023 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, 2023.

### 9. DEFERRED REVENUE

	2 0 2 3	2 0 2 2
ISC - Covid 19	\$	\$ 457,000
ISC - Capital Investment	181,032	2,286,558
ISC - Jordan's Principal	-	180,000
ISC - CFS Prevention	2,067,537	
ISC - FN Representative Service	<u>374,409</u>	
	<u><u>\$ 2,622,978</u></u>	<u><u>\$ 2,923,558</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

## 10. LONG TERM DEBT

	2 0 2 3	2 0 2 2
CMHC - repayable at \$574 monthly, including interest 2.50%, renews June 2023, matures January 2033.	\$ 60,059	\$ 65,384
CMHC - repayable at \$680 monthly, including interest at 2.50%, renews June 2023, matures January 2033.	71,170	77,481
CMHC - repayable at \$3,457 monthly, including interest at 2.50%, renews June 2023, matures January 2033.	361,491	393,543
CMHC - repayable at \$5,197 monthly, including interest at 2.21%, renews February 2024, matures February 2034.	604,646	653,126
CMHC - repayable at \$9,228 monthly, including interest at 2.21%, renews February 2024, matures February 2034.	1,073,663	1,159,750
CMHC - repayable at \$2,273 monthly, including interest at 0.96%, renews March 2026, matures November 2034.	300,944	325,207
CMHC - repayable at \$3,341 monthly, including interest at 0.96%, renews March 2026, matures December 2035.	481,050	516,353
CMHC - repayable at \$2,926 monthly, including interest at 1.50%, renews January 2027, matures January 2037.	438,541	466,868
CMHC - repayable at \$5,267 monthly, including interest at 3.81%, renews March 2028, matures January 2038.	716,821	756,649
CMHC - repayable at \$1,627 monthly, including interest at 2.22%, renews January 2024, matures January 2039.	260,727	274,334
CMHC - repayable at \$1,537 monthly, including interest at 1.22%, renews May 2026, matures May 2040.	285,597	300,466
CMHC - repayable at \$10,447 monthly, including interest at 3.24%, renews January 2028, matures July 2032.	1,009,405	1,104,488
CMHC - repayable at \$14,674 monthly, including interest at 2.48%, renews August 2023, matures August 2033.	1,615,935	1,750,336
CMHC - repayable at \$4,026 monthly, including interest at 0.80%, renews May 2025, matures May 2035.	560,011	603,665
CMHC - repayable at \$2,700 monthly, including interest at 1.12%, renews October 2026, matures October 2036.	408,198	435,873
Noventis Credit Union - term loan repaid during the year.		234,449

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

10. LONG TERM DEBT *(continued)*

	2 0 2 3	2 0 2 2
First Nation Finance Authority - repayable at \$26,305 plus interest at 1.75% compounded monthly.	5,934,786	7,347,618
First Peoples Economic Growth Fund Inc. (Community Economic Expansion Program) - repayable at \$1,250 monthly, with no interest.	300,000	-
First Peoples Economic Growth Fund Inc. (Joint Venture Program) - repayable at \$7,164 monthly, including interest at 6.00% per annum.	<u>1,000,000</u>	-
	<u><u>\$ 15,483,044</u></u>	<u><u>\$ 16,465,590</u></u>

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

Principal repayment terms are approximately:

2024	\$ 816,286
2025	842,229
2026	858,449
2027	875,142
2028	892,326

## 11. 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, 2023, 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, 2023, \$5,561,175 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, 2023, \$6,759,751 was invested into this project and deferred until subsequent year.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

## 12. RECONCILIATION OF ISC FUNDING

	2 0 2 2	2 0 2 1
ISC funding per confirmation	\$ 24,280,699	\$ 21,866,445
Add: prior year deferred revenue	2,923,558	529,050
Less: current year deferred revenue	<u>( 2,622,978)</u>	<u>( 2,923,558)</u>
ISC funding per financial statements	<u>\$ 24,581,279</u>	<u>\$ 19,471,937</u>

## 13. CONSOLIDATED EXPENSES BY OBJECT

	2 0 2 3	2 0 2 2
Amortization	\$ 1,849,927	\$ 1,777,750
Bank charge and interest	212,425	223,702
Compensation and training	4,614,211	4,144,177
Culture	652,951	201,212
Other goods and service acquired for the community	3,826,958	3,219,931
Renovations, repair and maintenance	2,993,972	6,123,844
Social assistance	4,991,846	5,195,669
Support to community and member	523,685	385,314
Travel, accommodation and related costs	1,196,792	932,791
Tuition	<u>203,055</u>	<u>151,582</u>
	<u>\$ 21,065,822</u>	<u>\$ 22,355,972</u>

## 14. 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.

## 15. 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.

# LAKE MANITOBA TREATY 2 FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2023**

### 19. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	2023	2022
Land	\$ 220,500	\$ 1,527,200	\$ 220,500	\$ 4,147,005	\$ 198,114	\$ 4,345,119	\$ 220,500	\$ 220,500
Band buildings	7,157,381	1,527,200	8,684,581	38,646	8,642	47,288	4,339,461	3,010,375
Health building	347,008		347,008	7,446,065	635,267	8,081,332	299,720	308,362
CMHC buildings	16,903,450		16,903,450	16,201,064	760,962	16,962,026	8,822,118	9,457,385
Infrastructure	46,413,334	1,374,720	47,788,054	700,325	78,303	778,628	30,826,028	30,212,270
Heavy equipment	1,224,303	487,824	1,712,127	2,602,029	137,044	2,739,073	933,499	523,978
Vehicles	2,909,290	297,708	3,206,998	358,387	17,334	375,721	467,925	307,261
Furniture and fixtures	445,060		445,060	737,792	13,567	751,359	69,339	86,673
Equipment	804,923		804,923	177,019	693	177,712	53,564	67,131
Computers	179,076		179,076				1,364	2,057
	<u>\$ 76,604,325</u>	<u>\$ 3,687,452</u>	<u>\$ 80,291,777</u>	<u>\$ 32,408,332</u>	<u>\$ 1,849,926</u>	<u>\$ 34,258,258</u>	<u>\$ 46,033,518</u>	<u>\$ 44,195,992</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2023****16. 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, 2023 might be recovered by these agencies.

**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.

# LAKE MANITOBA TREATY 2 FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

### 20. SEGMENT DISCLOSURE

	ADMINISTRATION <u>2023</u>		SOCIAL ASSISTANCE <u>2023</u>		COMMUNITY SERVICES <u>2023</u>		CAPITAL PROJECTS <u>2023</u>		EDUCATION <u>2023</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>	<u>2023</u>	<u>2022</u>
Revenues										
Federal Government										
ISC	\$ 1,011,043	\$ 1,000,890	\$ 5,917,515	\$ 5,833,653	\$ 1,697,488	\$ 4,663,914	\$ 3,939,469	\$ 873,244	\$ 979,471	\$ 972,546
CMHC	—	—	—	—	—	—	—	15,600	—	—
ESDC	—	—	—	—	—	—	—	—	—	—
Subtotal	1,011,043	1,000,890	5,917,515	5,833,653	1,697,488	4,663,914	3,939,469	888,844	979,471	972,546
Other	666,803	332,050	2,972	—	29,510	65,783	1,175	20,014	28,046	24,262
Total revenue	1,677,846	1,332,940	5,920,487	5,833,653	1,726,998	4,729,697	3,940,644	908,858	1,007,517	996,808
Expenses										
Salaries and benefits	646,966	549,901	134,887	107,699	314,338	278,975	37,862	152,065	152,302	
Debt servicing (interest)	18,370	38,676	—	—	121	—	—	—	—	—
Amortization	—	—	—	—	—	—	—	—	—	—
Other	783,230	821,493	4,991,846	5,195,669	3,155,078	4,548,167	1,088,224	1,024,905	803,425	644,469
Total expenses	1,448,566	1,410,070	5,126,733	5,303,368	3,469,537	4,827,142	2,813,696	2,689,747	955,490	796,771
Surplus (Deficit)	\$ 229,280	\$( 77,130)	\$ 793,754	\$ 530,285	\$( 1,742,539)	\$( 97,445)	\$ 1,126,948	\$( 1,780,889)	\$ 52,027	\$ 200,037

# LAKE MANITOBA TREATY 2 FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

### 20. SEGMENT DISCLOSURE (continued)

	COMMUNITY WELLNESS		COMMUNITY AND ECONOMIC DEVELOPMENT		HOUSING		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>	<u>2023</u>	<u>2022</u>
Revenues								
Federal Government								
ISC	\$ 8,098,912	\$ 5,833,902	\$ 2,937,381	\$ 293,788	\$ 779,901	\$ 778,278	\$ 24,581,279	\$ 19,471,937
CMHC	-	-	-	-	-	-	779,901	793,878
ESDC	-	-	660,985	658,939	-	-	660,985	658,939
Subtotal	8,098,912	5,833,902	3,598,366	952,727	779,901	778,278	26,022,165	20,924,754
Other	241,946	-	2,418,805	2,398,419	336,912	356,889	3,726,169	3,197,417
Total revenue	8,340,858	5,833,902	6,017,171	3,351,146	1,116,813	1,135,167	29,748,334	24,122,171
Expenditures								
Salaries and benefits	2,237,414	1,843,524	1,128,541	1,173,914			4,614,211	4,144,177
Debt servicing			23,374	14,772	170,560	170,254	212,425	223,702
Amortization	119,159	92,699	7,278	10,252	635,265	649,894	1,849,926	1,777,750
Other	1,407,831	1,709,347	1,155,473	1,165,121	366,906	499,097	14,389,261	16,210,343
Total expenses	3,764,404	3,645,570	2,314,666	2,364,059	1,172,731	1,319,245	21,065,823	22,355,972
Surplus (Deficit)	\$ 4,576,454	\$ 2,188,332	\$ 3,702,505	\$ 987,087	\$( 55,918)	\$( 184,078)	\$ 8,682,511	\$ 1,766,199