
LAKE MANITOBA TREATY 2 FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

LAKE MANITOBA TREATY 2 FIRST NATION

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MARCH 31, 2024

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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.

Cmd.
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Councillor

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Councillor
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INDEPENDENT AUDITOR'S 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, 2024, 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, 2024, 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
February 24, 2025

LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2024

2023

FINANCIAL ASSETS

Cash	\$ 5,655,469	\$ 5,134,008
Restricted cash (Note 4)	836,756	714,922
Accounts Receivable (Note 5)	2,278,046	537,557
Inventory (Note 6)	<u>135,608</u>	<u>164,152</u>
	<u>8,905,879</u>	<u>6,550,639</u>

LIABILITIES

Accounts Payable and accrued liabilities (Note 7)	3,448,851	2,415,476
CMHC advances payable (Note 8)	1,816,243	528,812
Deferred revenue (Note 9)	4,953,106	2,622,978
Long-term debt (Note 10)	<u>18,559,123</u>	<u>15,483,044</u>
	<u>28,777,323</u>	<u>21,050,310</u>
NET DEBT	<u>(19,871,444)</u>	<u>(14,499,671)</u>

NON-FINANCIAL ASSETS

PREPAID EXPENSES	368,541	132,205
TANGIBLE CAPITAL ASSETS (Note 19)	62,552,651	46,033,518
CONSTRUCTION IN PROGRESS (Note 11)	<u>5,929,466</u>	<u>12,849,739</u>
	<u>68,850,658</u>	<u>59,015,462</u>
ACCUMULATED SURPLUS	\$ 48,979,214	\$ 44,515,791
CONTINGENCIES (Note 16)		

Approved by Chief and Council

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Cncl.

Chief

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B. M. Yer

Councillor

.....
Signature

Councillor

.....
Signature

Councillor

LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

MARCH 31

	BUDGET (UNAUDITED)	2024	2023
REVENUE			
Indigenous Services Canada (<i>Note 12</i>)	\$ 26,412,110	\$ 26,412,815	\$ 24,581,279
Province of Manitoba	780,000	783,831	531,227
Canada Mortgage and Housing Corporation	4,735,886	4,735,886	779,901
Employment and Social Development Canada	751,877	751,877	660,985
VLT revenue	1,000,000	1,511,506	1,007,548
Rental revenue - CMHC	336,912	336,912	336,912
Other revenue	<u>1,000,000</u>	501,689	<u>1,850,482</u>
	<u>35,016,785</u>	35,034,516	<u>29,748,334</u>
EXPENDITURES			
Administration	2,300,000	2,311,510	1,448,566
Capital projects	5,350,000	5,331,835	2,813,696
Community wellness	7,250,000	7,280,706	3,764,404
Community and economic development	5,000,000	5,110,252	2,314,666
Community services	3,500,000	2,446,119	3,469,537
Education	950,000	993,475	955,490
Housing	1,200,000	1,198,771	1,172,731
Social services	<u>5,900,000</u>	5,898,425	<u>5,126,733</u>
	<u>31,450,000</u>	30,571,093	<u>21,065,823</u>
ANNUAL SURPLUS	3,566,785	4,463,423	8,682,511
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>44,515,791</u>	44,515,791	<u>35,833,280</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 48,082,576</u>	\$ 48,979,214	<u>\$ 44,515,791</u>

LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

MARCH 31

	BUDGET (UNAUDITED)	2024	2023
ANNUAL SURPLUS	\$ 3,566,785	\$ 4,463,423	\$ 8,682,511
Acquisition of tangible capital assets	(18,500,000)	(19,398,686)	(3,687,452)
Amortization of tangible capital assets	<u>2,800,000</u>	<u>2,879,553</u>	<u>1,849,926</u>
	<u>(15,700,000)</u>	<u>(16,519,133)</u>	<u>(1,837,526)</u>
Acquisition of prepaid expenses	(370,000)	(368,541)	(132,205)
Use of prepaid expenses	<u>132,205</u>	<u>132,205</u>	<u>139,652</u>
	<u>(237,795)</u>	<u>(236,336)</u>	<u>7,447</u>
Acquisition of construction in progress	(5,900,000)	(5,929,466)	(12,849,739)
Use of construction in progress	<u>12,849,739</u>	<u>12,849,739</u>	<u>7,528,426</u>
	<u>6,949,739</u>	<u>6,920,273</u>	<u>(5,321,313)</u>
CHANGE IN NET DEBT FOR THE YEAR	(5,421,271)	(5,371,773)	1,531,119
NET DEBT, <i>beginning of year</i>	<u>(14,499,671)</u>	<u>(14,499,671)</u>	<u>(16,030,790)</u>
NET DEBT, <i>end of year</i>	<u>\$ (19,920,942)</u>	<u>\$ (19,871,444)</u>	<u>\$ (14,499,671)</u>

LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

MARCH 31

	2 0 2 4	2 0 2 3
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash receipts from funding agencies and other sources	\$ 35,624,155	\$ 29,169,179
Cash paid to suppliers	(18,122,625)	(12,526,265)
Cash paid to employees	(5,762,635)	(4,614,211)
Interest paid	(591,803)	(212,425)
Distributions to the community	<u>(959,524)</u>	<u>(528,711)</u>
	<u>10,187,568</u>	<u>11,287,567</u>
<i>INVESTING ACTIVITIES</i>		
Purchase of tangible capital assets	(4,283,454)	(3,687,452)
Construction in progress	(8,194,959)	(5,321,313)
Replacement reserve replacements	<u>(141,939)</u>	<u>(136,040)</u>
	<u>(12,620,352)</u>	<u>(9,144,805)</u>
<i>FINANCING ACTIVITIES</i>		
Proceeds from long-term debt	3,894,820	1,300,000
Repayment of long-term debt	<u>(818,741)</u>	<u>(2,282,547)</u>
	<u>3,076,079</u>	<u>(982,547)</u>
NET INCREASE IN CASH DURING YEAR	643,295	1,160,215
CASH, <i>beginning of year</i>	<u>5,848,930</u>	<u>4,688,715</u>
CASH, <i>end of year</i>	<u>\$ 6,492,225</u>	<u>\$ 5,848,930</u>

CASH COMPRISED OF

Operating cash	\$ 5,655,469	\$ 5,134,008
Restricted cash	<u>836,756</u>	<u>714,922</u>
	<u>\$ 6,492,225</u>	<u>\$ 5,848,930</u>

LAKE MANITOBA TREATY 2 FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

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, 2024****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, 2024

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, 2024****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.

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, 2024 as funding from agencies will offset any cost associated with the closure of landfill sites.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

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, 2024

4. RESTRICTED CASH

	2 0 2 4	2 0 2 3
Secured Revenue Trust Account-First Nation Finance Authority	\$ 552,525	\$ 345,582
CMHC Replacement Reserve	53,928	180,316
Ottawa Trust Fund	7,992	7,992
Capital Investment - New Health Centre	<u>222,311</u>	<u>181,032</u>
	<u><u>\$ 836,756</u></u>	<u><u>\$ 714,922</u></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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

5. ACCOUNTS RECEIVABLE

	2 0 2 4	2 0 2 3
Canada Housing and Mortgage Corporation	\$ 1,490,672	\$ 66,057
Indigenous Services Canada	690,493	339,748
First Peoples Development Inc.	57,779	93,527
Province of Manitoba	<u>39,102</u>	<u>38,225</u>
	<u><u>\$ 2,278,046</u></u>	<u><u>\$ 537,557</u></u>

6. INVENTORY

	2 0 2 4	2 0 2 3
Groceries and cigarettes	\$ 84,335	\$ 95,561
Fuel and diesel	<u>51,273</u>	<u>68,591</u>
	<u><u>\$ 135,608</u></u>	<u><u>\$ 164,152</u></u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 4	2 0 2 3
Trade payables	\$ 3,349,606	\$ 2,317,238
Payroll liabilities	76,750	82,870
Accrued interest	<u>22,495</u>	<u>15,368</u>
	<u><u>\$ 3,448,851</u></u>	<u><u>\$ 2,415,476</u></u>

8. CMHC ADVANCES PAYABLE

As of March 31, 2024 Canada Mortgage and Housing Corporation advanced \$881,684 of the total mortgage proceeds of \$919,958 towards the construction of the 2018-19 - 4 units Section 95 Project which was not completed as of March 31, 2024.

As of March 31, 2024 Canada Mortgage and Housing Corporation advanced \$934,559 of the total mortgage proceeds of \$1,004,100 towards the construction of the 2020-21- 4 units Section 95 Project which was not completed as of March 31, 2024

As of March 31, 2024 Canada Mortgage and Housing Corporation has total advance amounting to \$1,816,243.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

9. DEFERRED REVENUE

	2 0 2 4	2 0 2 3
ISC - Capital Investment	\$ 222,312	\$ 181,032
ISC - CFS Prevention	2,556,536	2,067,537
ISC - FN Representative Service	666,749	374,409
ISC - IM/IT Gov Cap Dev	109,450	
ISC - Construction	339,381	
ISC - FNCFS Renovation	534,022	
ISC - Operations CFS	123,863	
ISC - Response/Recovery	<u>400,793</u>	
	<u>\$ 4,953,106</u>	<u>\$ 2,622,978</u>

10. LONG TERM DEBT

	2 0 2 4	2 0 2 3
CMHC - repayable at \$607 monthly, including interest 3.74%, renews June 2028, matures January 2033.	\$ 54,830	\$ 60,059
CMHC - repayable at \$720 monthly, including interest at 3.74%, renews June 2028, matures January 2033.	64,974	71,170
CMHC - repayable at \$3,656 monthly, including interest at 3.74%, renews June 2028, matures January 2033.	330,017	361,491
CMHC - repayable at \$5,597 monthly, including interest at 3.78%, renews February 2029, matures February 2034.	555,402	604,646
CMHC - repayable at \$9,938 monthly, including interest at 3.78%, renews February 2029, matures February 2034.	986,224	1,073,663
CMHC - repayable at \$2,273 monthly, including interest at 0.96%, renews March 2026, matures November 2034.	276,452	300,944
CMHC - repayable at \$3,341 monthly, including interest at 0.96%, renews March 2026, matures December 2035.	445,418	481,050
CMHC - repayable at \$2,926 monthly, including interest at 1.50%, renews January 2027, matures January 2037.	409,801	438,541
CMHC - repayable at \$5,267 monthly, including interest at 3.81%, renews March 2028, matures January 2038.	680,145	716,821
CMHC - repayable at \$1,788 monthly, including interest at 3.58%, renews January 2029, matures January 2039.	247,057	260,727
CMHC - repayable at \$1,537 monthly, including interest at 1.22%, renews May 2026, matures May 2040.	270,553	285,597

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

10. LONG TERM DEBT *(continued)*

	2 0 2 4	2023
CMHC - repayable at \$10,447 monthly, including interest at 3.24%, renews January 2028, matures July 2032.	915,218	1,009,405
CMHC - repayable at \$15,662 monthly, including interest at 3.78%, renews February 2029, matures August 2033.	1,488,869	1,615,935
CMHC - repayable at \$4,026 monthly, including interest at 0.80%, renews May 2025, matures May 2035.	516,016	560,011
CMHC - repayable at \$2,700 monthly, including interest at 1.12%, renews October 2026, matures October 2036.	380,223	408,198
First Nations Finance Authority - repayable at \$26,305 including interest at 1.75% compounded monthly.	5,781,392	5,934,786
First Nations Finance Authority - repayable at \$6,033 monthly, plus interest at 1.75% compounded monthly.	3,882,754	
First Peoples Economic Growth Fund Inc. (Community Economic Expansion Program) - repayable at \$1,250 monthly, with no interest.	288,750	300,000
First Peoples Economic Growth Fund Inc. (Joint Venture Program) - repayable at \$7,164 monthly, including interest at 6.00% per annum.	985,028	<u>1,000,000</u>
	<u>\$ 18,559,123</u>	<u>\$ 15,483,044</u>

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

Principal repayment terms are approximately:

2025	\$ 914,624
2026	930,844
2027	947,538
2028	964,721
2029	982,412

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

11. CONSTRUCTION IN PROGRESS

Section 95 Housing Project - CMHC

During the year, the First Nation was involved in the construction of 2018-19 - 4 units CMHC Housing project. The total cost of \$881,684, incurred as at March 31, 2024, is deferred until the subsequent year, when the project will be completed.

During the year, the First Nation was involved in the construction of 2020-21 - 4 units CMHC Housing project. The total cost of \$934,559, incurred as at March 31, 2024, is deferred until the subsequent year, when the project will be completed

Housing Project - ISC

During the year, the First Nation was involved in the construction of New Housing project. The total cost of \$41,13,223, incurred as at March 31, 2024, is deferred until the subsequent year, when the project will be completed.

As of March 31, 2024 the total construction in progress is amounting to \$5,929,466

12. RECONCILIATION OF ISC FUNDING

	2 0 2 4	2 0 2 3
ISC funding per confirmation	\$ 28,742,943	\$ 24,280,699
Add: prior year deferred revenue	2,622,978	2,923,558
Less: current year deferred revenue	<u>(4,953,106)</u>	<u>(2,622,978)</u>
ISC funding per financial statements	<u>\$ 26,412,815</u>	<u>\$ 24,581,279</u>

13. CONSOLIDATED EXPENSES BY OBJECT

	2 0 2 4	2 0 2 3
Amortization	\$ 2,879,553	\$ 1,849,927
Bank charge and interest	591,803	212,425
Compensation and training	5,762,635	4,614,211
Culture	1,206,401	652,951
Other goods and service acquired for the community	7,995,772	3,821,932
Renovations, repair and maintenance	3,658,576	2,993,972
Social assistance	5,762,702	4,991,846
Support to community and member	959,524	528,711
Travel, accommodation and related costs	1,495,339	1,196,792
Tuition	<u>258,788</u>	<u>203,055</u>
	<u>\$ 30,571,093</u>	<u>\$ 21,065,822</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

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.

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, 2024 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, 2024

19. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	2024	2023
Land	\$ 220,500	\$ 19,156,059	\$ 220,500	\$ 4,345,122	\$ 701,525	\$ 5,046,647	\$ 220,500	\$ 220,500
Band buildings	8,684,581		27,840,640	47,288	4,398	51,686	22,793,993	4,339,459
Health building	347,008		347,008	7,909,969	627,058	8,537,027	295,322	299,720
CMHC buildings	16,903,450		16,903,450	17,133,387	1,211,190	18,344,577	8,366,423	8,993,481
Infrastructure	47,788,054		47,788,054	778,628	193,682	972,310	29,443,477	30,654,667
Heavy equipment	1,712,127	69,825	1,781,952	2,739,073	117,739	2,856,812	809,642	933,499
Vehicles	3,206,998	164,848	3,371,846	375,721	13,868	389,589	515,034	467,925
Furniture and fixtures	445,060		445,060	751,359	9,344	760,703	55,471	69,339
Equipment	804,923	7,954	812,877	177,712	749	178,461	52,174	53,564
Computers	179,076		179,076				615	1,364
	<u>\$ 80,291,777</u>	<u>\$ 19,398,686</u>	<u>\$ 99,690,463</u>	<u>\$ 34,258,259</u>	<u>\$ 2,879,553</u>	<u>\$ 37,137,812</u>	<u>\$ 62,552,651</u>	<u>\$ 46,033,518</u>

LAKE MANITOBA TREATY 2 FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

20. SEGMENT DISCLOSURE

	ADMINISTRATION <u>2024</u>		SOCIAL ASSISTANCE <u>2024</u>		COMMUNITY SERVICES <u>2024</u>		CAPITAL PROJECTS <u>2024</u>		EDUCATION <u>2024</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues										
Federal Government										
ISC	\$ 1,069,672	\$ 1,011,043	\$ 6,178,284	\$ 5,917,515	\$ 1,113,859	\$ 1,697,488	\$ 7,228,810	\$ 3,939,469	\$ 826,346	\$ 979,471
CMHC										
ESDC										
Subtotal	1,069,672	1,011,043	6,178,284	5,917,515	1,113,859	1,697,488	11,164,609	3,939,469	826,346	979,471
Other	121,055	666,803	4,308	2,972					654,836	28,046
Total revenue	1,190,727	1,677,846	6,182,592	5,920,487	1,113,859	1,726,998	11,164,609	3,940,644	1,481,182	1,007,517
Expenses										
Salaries and benefits	751,782	646,966	134,208	134,887	375,997	314,338			280,927	152,065
Debt servicing (interest)	370,960	18,370			280	121				
Amortization										
Other	1,188,768	783,230	5,764,217	4,991,846	2,069,842	3,155,078	3,365,138	1,725,472	712,548	803,425
Total expenses	2,311,510	1,448,566	5,898,425	5,126,733	2,446,119	3,469,537	5,331,835	2,813,696	993,475	955,490
Surplus (Deficit)	\$(1,120,783)	\$ 229,280	\$ 284,167	\$ 793,754	\$(1,332,260)	\$(1,742,539)	\$ 5,832,774	\$ 1,126,948	\$ 487,707	\$ 52,027

LAKE MANITOBA TREATY 2 FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

20. SEGMENT DISCLOSURE (continued)

	COMMUNITY WELLNESS		COMMUNITY AND ECONOMIC DEVELOPMENT		HOUSING		TOTAL	
	<u>2024</u>		<u>2023</u>		<u>2024</u>		<u>2023</u>	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenues								
Federal Government								
ISC	\$ 7,193,076	\$ 8,098,912	\$ 2,802,768	\$ 2,937,381	\$ 800,087	\$ 779,901	\$ 26,412,815	\$ 24,581,279
CMHC							4,735,886	779,901
ESDC			751,877	660,985			751,877	660,985
Subtotal	7,193,076	8,098,912	3,554,645	3,598,366	800,087	779,901	31,900,578	26,022,165
Other	164,161	241,946	1,852,666	2,418,805	336,912	336,912	3,133,938	3,726,169
Total revenue	7,357,237	8,340,858	5,407,311	6,017,171	1,136,999	1,116,813	35,034,516	29,748,334
Expenditures								
Salaries and benefits	2,780,928	2,237,414	1,438,793	1,128,541			5,762,635	4,614,211
Debt servicing	333		13,424	23,374	206,806	170,560	591,803	212,425
Amortization	279,201	119,159	6,597	7,278	627,058	635,265	2,879,553	1,849,926
Other	4,220,244	1,407,831	3,651,438	1,155,473	364,907	366,906	21,337,102	14,389,261
Total expenses	7,280,706	3,764,404	5,110,252	2,314,666	1,198,771	1,172,731	30,571,093	21,065,823
Surplus (Deficit)	\$ 76,531	\$ 4,576,454	\$ 297,059	\$ 3,702,505	\$ (61,772)	\$ (55,918)	\$ 4,463,423	\$ 8,682,511