

**PINAYMOOTANG FIRST NATION
INDEPENDENT AUDITOR'S REPORT
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2023**

PINAYMOOTANG FIRST NATION

MARCH 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Pinaymootang 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 prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include certain amounts based on estimates or judgments.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

Chief and Council review the First Nation's consolidated financial statements and recommends their approval to the membership. Chief and Council meet 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, to review the consolidated financial statements and the external auditor's report. The Chief and Council also consider and submit for approval by the members, the engagement of the external auditors.

The external auditors, Fort Group Chartered Professional Accountants Inc., conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to the financial management of Pinaymootang First Nation and Chief and Council and meet when required.

A handwritten signature in black ink, appearing to read 'K. Anderson', is written over a solid horizontal line.

Chief Kurvis Anderson

INDEPENDENT AUDITOR'S REPORT

To The Members of Pinaymootang First Nation and Chief and Council:

Opinion

We have audited the accompanying consolidated financial statements of Pinaymootang First Nation (the "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 financial assets and cash flow for the year then ended, and the notes to 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 financial position of Pinaymootang First Nation as at March 31 2023, and the results of its operations and its cash flow 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 consolidated Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated 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 the 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 the Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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 consolidated 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 the 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 the 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 consolidated 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 the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

**Winnipeg, Manitoba
January 18, 2024**



**CHARTERED PROFESSIONAL
ACCOUNTANTS INC.**

**PINAYMOOTANG FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023**

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash (Note 2)	\$ 9,110,805	5,957,897
Trust funds held by the federal government (Note 3)	2,111,348	2,041,768
Accounts receivable (Note 4)	1,404,340	835,383
Due from government and other government organizations (Note 5)	643,007	898,692
Inventories for resale (Note 6)	220,091	248,070
Portfolio investments (Note 13)	<u>4,321,658</u>	<u>15,247,544</u>
	<u>17,811,249</u>	<u>25,229,354</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	5,881,242	4,253,363
Due to government and other governmental organizations (Note 9)	227,189	227,189
Deferred revenue (Note 10)	1,810	1,530
Debt (Note 11)	<u>8,631,837</u>	<u>9,197,556</u>
	<u>14,742,078</u>	<u>13,679,638</u>
NET FINANCIAL ASSETS	<u>3,069,171</u>	<u>11,549,716</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	93,067,454	77,783,977
Prepaid expenses and deferred charges	<u>775,715</u>	<u>1,021,335</u>
	<u>93,843,169</u>	<u>78,805,312</u>
ACCUMULATED SURPLUS	<u>\$ 96,912,340</u>	<u>90,355,028</u>

APPROVED BY THE FIRST NATION:

 Clay Silvis	 Chief	 Councillor
 Brian Sanderson	 Councillor	 Councillor
_____ Councillor	_____ Councillor	_____ Councillor

**PINAYMOOTANG FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED MARCH 31, 2023**

	2023		2022
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Note 16)		
REVENUE			
Federal government transfers - operating (Note 17)	\$ 18,064,079	19,706,027	18,496,223
Federal government transfers - capital (Note 17)	3,352,611	3,409,032	4,315,792
Provincial government transfers - operating (Note 17)	623,400	851,542	1,209,319
Provincial government transfers - capital (Note 17)	-	-	381,538
Other funding	-	59,942	114,972
Economic activities	16,103,375	15,554,844	12,069,545
Other revenue	1,496,625	4,085,567	659,449
Income from portfolio investments	-	225,156	23,454
	<u>39,640,090</u>	<u>43,892,110</u>	<u>37,270,292</u>
EXPENSES			
Health	6,043,499	4,670,984	4,415,569
Education	29,811	30,000	52,026
Social services	7,180,748	5,958,219	3,953,379
Economic development	790,025	883,157	669,304
Public works	1,619,847	1,383,836	926,704
Housing	1,396,750	208,960	316,686
Band government	4,105,327	3,985,825	4,105,828
Private enterprises	16,519,365	16,608,148	12,954,041
Interest	-	341,571	471,279
Amortization of tangible capital assets	-	3,264,098	3,022,957
	<u>37,685,372</u>	<u>37,334,798</u>	<u>30,887,773</u>
ANNUAL SURPLUS	1,954,718	6,557,312	6,382,519
ACCUMULATED SURPLUS, BEGINNING OF YEAR,	<u>83,972,509</u>	<u>90,355,028</u>	<u>83,972,509</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 85,927,227</u>	<u>96,912,340</u>	<u>90,355,028</u>

**PINAYMOOTANG FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2023**

	<u>Budget</u> (Note 16)	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
ANNUAL SURPLUS	\$ <u>1,954,718</u>	<u>6,557,312</u>	<u>6,382,519</u>
Tangible capital assets			
Acquisition of tangible capital assets	-	(19,102,503)	(20,008,350)
Amortization of tangible capital assets	-	3,264,098	3,022,957
Assets under construction completed	-	-	9,512,913
Loss on disposal of tangible capital assets	<u>-</u>	<u>554,928</u>	<u>354,568</u>
	<u>-</u>	<u>(15,283,477)</u>	<u>(7,117,912)</u>
Other non-financial assets			
Acquisition (consumption) of prepaid expenses	<u>-</u>	<u>245,620</u>	<u>(834,913)</u>
CHANGE IN NET FINANCIAL ASSETS	1,954,718	(8,480,545)	(1,570,306)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>11,549,716</u>	<u>11,549,716</u>	<u>13,120,022</u>
NET FINANCIAL ASSETS , END OF YEAR	\$ <u>13,504,434</u>	<u>3,069,171</u>	<u>11,549,716</u>

**PINAYMOOTANG FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2023**

	<u>2023</u>	<u>2022</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Annual surplus	\$ 6,557,312	6,382,519
Add back non-cash item(s):		
Amortization of tangible capital assets	3,264,098	3,022,957
Loss on disposal of tangible capital assets	<u>554,928</u>	<u>354,568</u>
	10,376,338	9,760,044
Change in non-cash working capital:		
Accounts receivable	(568,957)	113,823
Due from government and other government organizations	255,685	2,701,863
Inventories for resale	27,979	(76,692)
Portfolio investments	10,925,886	(15,247,544)
Accounts payable and accrued liabilities	1,627,879	(53,170)
Deferred revenue	280	(382,053)
Trust fund	-	20,400,000
Prepaid expenses and deferred charges	<u>245,620</u>	<u>(834,913)</u>
	<u>22,890,710</u>	<u>16,381,358</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	<u>(19,102,503)</u>	<u>(10,495,437)</u>
FINANCING ACTIVITIES		
Debt repayments	<u>(565,719)</u>	<u>(6,822,451)</u>
CHANGE IN CASH	3,222,488	(936,530)
CASH, BEGINNING OF YEAR	<u>7,999,665</u>	<u>8,936,195</u>
CASH, END OF YEAR	<u>11,222,153</u>	<u>7,999,665</u>
CASH IS REPRESENTED BY:		
Cash	9,110,805	5,957,897
Cash in Ottawa Trusts	<u>2,111,348</u>	<u>2,041,768</u>
	<u>\$ 11,222,153</u>	<u>7,999,665</u>

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The Pinaymootang First Nation ("First Nation") follows the ISC accounting guidelines as set out in the "Year End Reporting Handbook for funding agreements covering fiscal year 2019-2020 which requires that the consolidated financial statements be prepared in accordance with Canadian generally accepted accounting principles for governments, as defined in the CPA Canada Public Sector Accounting Handbook.

(b) Change in Accounting Policy - Asset Retirement Obligations

Effective April 1, 2022, the First Nation adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 Asset Retirement Obligations. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

Change in Accounting Policy - Financial Instruments

Effective April 1, 2022, the First Nation adopted the Public Sector Accounting Board's (PSAB) new recommendations for the recognition, measurement, presentation, and disclosure of financial assets, financial liabilities, and derivatives under Section PS 3450 Financial Instruments.

As part of the adoption of the PSAS 3450, on April 1, 2022, the First Nation was also required to adopt sections PSAS Section (PS 3041) "Portfolio Investments," which has removed the distinction between temporary and portfolio investments, PSAS section (PS 2601) "Foreign Currency Translation" which requires unrealized gains and losses to be present on the statement of re-measurement gain and losses and PSAS Section (PS 1201) "Financial Statement Presentation" which requires a new a statement of re-measurement gains and losses separate from the statement of operations.

These new Sections are applied prospectively, and prior periods have not been restated. There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

(c) Reporting Entity

The First Nation is a non-profit Indian Band as defined by Indigenous Services Canada (ISC). The objective of the First Nation is to operate as the governing entity in providing services on the reserve in all areas. The First Nation reporting entity includes all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Basis of Consolidation

All controlled entities are fully consolidated on a line-by-line basis. This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization. These consolidated financial statements include the financial assets, liabilities, net debt, non-financial assets, accumulated surplus, revenue and expenses for the following entities controlled or owned by the First Nation:

Pinaymootang First Nation

Pinaymootang First Nation Arena and Lottery

Pinaymootang First Nation CMHC Housing Authority

Pinaymootang First Nation Grocery Store and Gas Bar

Pinaymootang First Nation Health Authority

Pinaymootang First Nation Human Resource Development Strategy

Powder Horn Creek Restaurant and Gas

Wabung Abinoochi'ak Day Care Centre

Pinaymootang First Nation Motel and Entertainment Centre

Pinaymootang First Nation Housing Trust (Note 7)

(e) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, construction in progress and prepaid expenses.

(f) Inventory

Inventories for resale are stated at the lower of cost and net realizable value with cost being determined using the first-in, first-out method.

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

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

Amortization of tangible capital assets is recognized as an expense in the Statement of Operations.

Amortization is provided for on a straight-line basis at the rates in the table that follows. One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

Buildings	25 - 50 years
Housing	40 years
Infrastructure	20 - 50 years
Equipment and signage	3 - 10 years
Vehicles	5 - 10 years
Computers	5 years
Roads	40 years

(h) Deferred Revenue

Deferred revenue represents unspent Government transfers for programs where eligibility criteria have not been met at year end. The unspent revenue is carried forward to be recognized as stipulations are met or until the funder deems the surplus to be repayable at which time an amount payable is recognized.

(i) Revenue Recognition

Government transfers

Transfers from the Government of Canada are recognized as revenue in the year the entitlement has been authorized, when any eligibility criteria have been met and when the amount can be reasonably estimated.

Other revenue

Restricted other revenue is recognized as revenue in the year in which the related expenses are incurred and when the amount can be reasonably estimated and collection is reasonably assured.

Unrestricted other revenue is recognized when:

- services have been performed;
- goods have been delivered;
- the amount has been received or is receivable, and when the amount can be reasonably estimated and collection is reasonably assured.

(j) Net Financial Assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its liabilities less its financial assets. Net financial assets is comprised of two components, non-financial assets and accumulated surplus.

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Segmented Information

The First Nation discloses segmented results of operations for the year in note 20 to the consolidated financial statements. The First Nation has segregated its activities into the following segments based on distinguishable groups of activities.

Health

Pinaymootang Health Authority

Education

Pinaymootang Education

Social

Social services

Economic Development

Economic development program

Human Resource Development Strategy

Public Works

Community services

Operations and maintenance

Policing, security and protection

Housing

CMHC housing

Capital housing projects

Pinaymootang First Nation Housing Trust

Band Government

Band administration

Capital projects

Legal Settlements

Private Enterprises

Pinaymootang Arena and Lottery

Pinaymootang Grocery Store and Gas Bar

Pinaymootang Motel and Entertainment Centre

Powder Horn Creek Restaurant & Gas

Wabung Abinoochi'ak Day Care Centre

(l) Measurement Uncertainty

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from these estimates.

(m) Financial Instruments

Financial instruments held by the First Nation include cash, accounts receivable, trust fund, accounts payable and accrued liabilities, amounts due to/from government and other government organizations, and debt. The First Nation initially measures its financial instruments at fair value when the asset or liability is first recognized. The First Nation subsequently measures its financial instruments in equity instruments quoted in an active market and all derivative instruments, at fair value.

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Financial Instruments (continued)

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value. At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has made such an election during the year.

The First Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The First Nation has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. Except for those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance, or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years or recent collection experience for the loan, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

(n) Asset Retirement Obligation

Under the new standard, a liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset when certain criteria are met, as described below. There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2023. At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2023, no liability for contaminated sites exists.

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

2. CASH	<u>2023</u>	<u>2022</u>
Unrestricted - operating	\$ 9,005,090	5,864,800
Externally restricted - CMHC	<u>105,715</u>	<u>93,097</u>
	<u>\$ 9,110,805</u>	<u>5,957,897</u>

The First Nation has a demand line of credit for \$150,000 (2022 - \$150,000) available from First Nations Bank of Canada, of which \$nil (2022 - \$nil) was utilized at the year-end. This line of credit bears interest at prime plus 1.85% and is secured by future funding of Indigenous Services Canada.

Restrictions on cash

The First Nation is subject to restrictions placed on its cash due to an agreement with CMHC as disclosed in Note 14 to these consolidated financial statements. As at March 31, 2023, \$105,715 (2022 - \$93,097) was restricted for expenditures to be approved by CMHC.

3. TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT

	<u>March 31, 2022</u>	<u>Additions 2023</u>	<u>Withdrawals 2023</u>	<u>March 31, 2023</u>
Revenue	\$ 14,198	752	-	14,950
Capital	<u>2,027,570</u>	<u>68,828</u>	<u>-</u>	<u>2,096,398</u>
	<u>\$ 2,041,768</u>	<u>69,580</u>	<u>-</u>	<u>2,111,348</u>

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

4. ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
Trade receivables	\$ <u>1,404,340</u>	<u>835,383</u>

5. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	<u>2023</u>	<u>2022</u>
Federal Government		
Indigenous Services Canada (Schedule 78)	\$ 481,045	683,203
First Peoples Development	-	9,607
CMHC	<u>29,880</u>	<u>28,885</u>
Total Federal Government	510,925	721,695
Province of Manitoba	<u>132,082</u>	<u>176,997</u>
	<u>\$ 643,007</u>	<u>898,692</u>

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

6. INVENTORIES FOR RESALE

	<u>2023</u>	<u>2022</u>
Pinaymootang First Nation Grocery Store and Gas Bar	\$ 147,598	184,022
Powderhorn Creek Restaurant and Gas Bar	<u>72,493</u>	<u>64,048</u>
	<u>\$ 220,091</u>	<u>248,070</u>

7. TRUST FUND

In 2019, a comprehensive settlement agreement (CSA) was reached between the First Nation, the Province of Manitoba and the Government of Canada regarding flooding that adversely impacted the First Nation in 2011. The CSA resulted in a trust fund being established for \$20,400,000. In June 2021, a trust agreement was finalized and signed by Chief and Council and the trustee. These funds were deposited in a trust fund that is managed by RBC Royal Trust and controlled by the First Nation.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Trade payables	\$ 4,317,769	3,329,544
Accrued salaries and benefits	43,278	74,956
Accrued hydro	203,561	129,675
Accrued professional fees	855,250	282,065
Other accrued liabilities	<u>461,384</u>	<u>437,123</u>
	<u>\$ 5,881,242</u>	<u>4,253,363</u>

9. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	<u>2023</u>	<u>2022</u>
Indigenous Services Canada		
Debt management #789	<u>\$ 227,189</u>	<u>227,189</u>

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

10. DEFERRED REVENUE

	Balance March 31, <u>2022</u>	Amount Received <u>2023</u>	Revenue Recognized/ Repaid <u>2023</u>	Balance March 31, <u>2023</u>
Federal Government				
Prepaid deposits - private enterprise	\$ <u>1,530</u>	<u>1,810</u>	<u>1,530</u>	<u>1,810</u>

11. DEBT

	<u>2023</u>	<u>2022</u>
CMHC mortgage payable, interest at 5.23%, repayable in blended monthly installments of \$6,307, due September 1, 2023, secured by a Ministerial Guarantee and assignment of fire insurance.	\$ 589,898	641,535
CMHC mortgage payable, interest at 3.81%, repayable in blended monthly installments of \$8,607, due March 1, 2028, secured by a Ministerial Guarantee and assignment of fire insurance.	858,906	934,089
CMHC mortgage payable, interest at 0.96%, repayable in blended monthly installments of \$2,296, due March 1, 2026, secured by a Ministerial Guarantee and assignment of fire insurance.	308,161	332,637
CMHC mortgage payable, interest at 1.22%, repayable in blended monthly installments of \$4,049, due May 1, 2026, secured by a Ministerial Guarantee and assignment of fire insurance.	580,551	621,806
CMHC mortgage payable, interest at 3.55%, repayable in blended monthly installments of \$3,294, due October 1, 2027, secured by a Ministerial Guarantee and assignment of fire insurance.	436,338	462,683
CMHC mortgage payable, interest at 2.48%, repayable in blended monthly installments of \$2,648, due August 1, 2023, secured by a Ministerial Guarantee and assignment of fire insurance.	407,085	428,525
CMHC mortgage payable, interest at 0.71%, repayable in blended monthly installments of \$2,152, due November 1, 2025, secured by a Ministerial Guarantee and assignment of fire insurance.	<u>411,509</u>	<u>434,325</u>
Sub total	\$ <u>3,592,448</u>	<u>3,855,600</u>

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

11. DEBT (Continued)

	<u>2023</u>	<u>2022</u>
Sub total	\$ 3,592,448	3,855,600
Loan payable, Manitoba Liquor and Lotteries Corporation, interest at 2.35%, repayable in weekly installments of \$1,393, due October 26, 2023, secured by 25 video lottery terminals.	106,750	175,855
CMHC mortgage payable, interest at 3.43%, repayable in blended monthly installments of \$5,593, due February 1, 2024, secured by a Ministerial Guarantee and assignment of fire insurance.	783,363	845,651
Loan payable, Bank of Montreal, interest at 5.94%, repayable in monthly installments of \$35,272, due January 1, 2024 and secured by a general security agreement, assignment of insurance over the Pinaymootang Motel and Entertainment Centre and a Band Council Resolution.	<u>4,149,276</u>	<u>4,320,450</u>
	<u>\$ 8,631,837</u>	<u>9,197,556</u>

The principal portion of debt is repayable for the years ended as follows:

March 31, 2024	\$ 544,626
2025	504,549
2026	486,561
2027	505,471
2028	525,185
Thereafter	<u>6,065,445</u>
	<u>\$ 8,631,837</u>

**PINAYMOOTANG FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

12. TANGIBLE CAPITAL ASSETS

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE			
	Opening Balance	Additions	Transfers / Disposals	Closing Balance	Opening Balance	Amortization	Disposals and Write Offs	Closing Balance	Total 2023	Total 2022
Tangible Capital Assets										
Land	\$ 233,146	-	-	233,146	-	-	-	-	233,146	233,146
Buildings	30,586,727	430,724	-	31,017,451	14,871,541	831,088	-	15,702,629	15,314,822	15,715,186
Housing	55,915,689	906,403	(168,218)	56,653,874	19,026,709	1,248,793	(43,674)	20,231,828	36,422,046	36,888,980
Infrastructure	15,259,890	-	(114,700)	15,145,190	2,943,322	340,785	-	3,284,107	11,861,083	12,316,568
Equipment	3,458,706	768,852	-	4,227,558	2,335,921	241,090	149,600	2,726,611	1,500,947	1,122,785
Vehicles	5,765,676	601,361	(305,359)	6,061,678	3,397,561	464,700	(139,275)	3,722,986	2,338,692	2,368,115
Computers	189,889	14,108	-	203,997	141,895	18,937	-	160,832	43,165	47,994
Roads	5,759,581	46,725	-	5,806,306	2,129,206	118,705	-	2,247,911	3,558,395	3,630,375
	<u>117,169,304</u>	<u>2,768,173</u>	<u>(588,277)</u>	<u>119,349,200</u>	<u>44,846,155</u>	<u>3,264,098</u>	<u>(33,349)</u>	<u>48,076,904</u>	<u>71,272,296</u>	<u>72,323,149</u>
Assets Under Construction										
Buildings	5,460,828	16,334,330	-	21,795,158	-	-	-	-	21,795,158	5,460,828
TOTAL	\$ 122,630,132	19,102,503	(588,277)	141,144,358	44,846,155	3,264,098	(33,349)	48,076,904	93,067,454	77,783,977

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

13. PORTFOLIO INVESTMENTS

The portfolio investments are comprised of Mutual Funds held with RBC Royal Trust. The investments are recorded at fair value by the First Nation. The fair value at March 31, 2023 was \$4,321,658 (2022 - \$15,247,544).

14. CMHC HOUSING AUTHORITY REPLACEMENT RESERVE

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited with an amount of \$61,100 annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. At March 31, 2023, the replacement reserve was underfunded by \$452,779 (2022 - \$406,081) due to the fact that the replacement reserve assets total \$66,175 (2022 - \$66,289) while the replacement reserve liability is \$518,954 (2022 - \$472,370).

15. RISK MANAGEMENT

(a) Credit Risk

Credit risk is the risk that a counterparty will default on its financial liabilities. Financial assets which potentially subject the First Nation to credit risk and concentrations of credit risk consist principally of cash and accounts receivable. Management manages credit risk associated with accounts receivable by pursuing collections when they are due.

(b) Interest Rate Price Risk

It is management's opinion that the First Nation is not exposed to interest rate price risk due to debt being at a fixed rate.

(c) Liquidity Risk

Liquidity risk is the risk that the First Nation will not be able to meet its financial obligations related to financial liabilities as they come due. Financial liabilities consist of accounts payable and accrued liabilities and debt. Accounts payable and accrued liabilities are paid in the normal course of operations and except under certain exceptions, no later than three months. See Note 11 for the repayment schedule of debt.

The First Nation's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. At March 31, 2023, the First Nation has a bank balance of \$9,110,805 (2022 - \$5,957,897) and a net financial asset position of \$3,069,171 (2022 - \$11,549,716). Additionally, \$8,631,837 (2022 - \$9,197,556) of the liabilities relates to debt, which is primarily comprised of loans on the CMHC housing project and the Motel and Entertainment Centre. The related assets are recorded under non-financial assets on the consolidated statement of financial position.

(d) Market Risk Related to Financial Instruments

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The First Nation manages market risk by owning financial instruments that are not subject to market fluctuation.

16. BUDGET INFORMATION

The unaudited budget figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

17. GOVERNMENT TRANSFERS

	<u>Operating</u>	<u>2023 Capital</u>	<u>Total</u>
Indigenous Services Canada	\$ 11,428,032	3,180,436	14,608,468
Province of Manitoba	851,543	-	851,543
Canada Mortgage and Housing Corporation	383,381	-	383,381
Health Canada	6,502,736	228,596	6,731,332
First Peoples Development	<u>1,391,877</u>	<u>-</u>	<u>1,391,877</u>
	<u>\$ 20,557,569</u>	<u>3,409,032</u>	<u>23,966,601</u>
		<u>2022 Capital</u>	<u>Total</u>
Indigenous Services Canada	\$ 11,882,070	4,151,117	16,033,187
Province of Manitoba	1,209,319	381,538	1,590,857
Canada Mortgage and Housing Corporation	380,165	-	380,165
Health Canada	5,491,082	164,675	5,655,757
First Peoples Development	<u>742,906</u>	<u>-</u>	<u>742,906</u>
	<u>\$ 19,705,542</u>	<u>4,697,330</u>	<u>24,402,872</u>

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

18. EXPENSES BY OBJECT

	<u>2023</u>	<u>2022</u>
Accreditation	\$ 33,215	30,569
Administration and office	726,001	468,795
Amortization of tangible capital assets	3,264,098	3,022,957
Bad debts	15,373	270
Band support	44,021	260,364
Bank charges and interest	73,727	63,001
Capital and equipment	15,603	105,304
Contract fees	21,589	9,565
Fuel	3,293	71,913
Fuel for resale	6,265,740	5,085,241
Insurance	621,398	527,769
Interest on debt	341,571	471,279
Lottery tickets	75,008	69,291
MLC commissions	187,812	152,483
Operations and maintenance services	4,228,689	3,378,398
Other expenses	698,734	540,721
Professional fees	301,117	412,621
Social assistance	4,186,950	3,779,616
Supplies and materials	4,915,991	3,365,787
Telephone and communications	114,079	75,070
Training	129,221	103,354
Travel	483,995	342,135
Utilities	172,815	148,143
VLT dollars out	4,801,080	3,418,609
Wages and benefits	<u>5,613,678</u>	<u>4,984,518</u>
	<u>\$ 37,334,798</u>	<u>30,887,773</u>

**PINAYMOOTANG FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

19. SEGMENTED INFORMATION

	HEALTH		EDUCATION		SOCIAL	
	Budget 2023	2022	Budget 2023	2022	Budget 2023	2022
REVENUES						
Federal Government						
Operating Transfers	\$ 5,579,805	6,502,736	29,811	29,811	7,024,572	4,806,090
Capital Transfers	172,175	228,596	-	-	-	-
Provincial Government						
Operating Transfers	-	-	-	-	-	-
Capital Transfers	-	-	-	-	-	-
Other funding	-	-	-	-	-	-
Economic activities	-	-	-	-	-	-
Other revenue	65,000	196,218	-	-	-	-
	<u>5,816,980</u>	<u>6,927,550</u>	<u>29,811</u>	<u>29,811</u>	<u>7,024,572</u>	<u>4,806,090</u>
EXPENSES						
Wages and benefits	2,296,576	1,881,114	-	-	117,986	173,669
Debt servicing	-	-	-	-	-	-
Amortization	-	455,197	-	201,112	-	-
Other	3,746,923	2,789,870	29,811	30,000	7,062,762	3,779,710
	<u>6,043,499</u>	<u>5,126,181</u>	<u>29,811</u>	<u>231,112</u>	<u>7,180,748</u>	<u>3,953,379</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (226,519)</u>	<u>1,801,369</u>	<u>-</u>	<u>(201,301)</u>	<u>(156,176)</u>	<u>852,711</u>
ADJUSTMENTS						

(i) The imputed value of Band supported housing provided to band members totaling \$251,004 (2022 - \$74,137) is included as a band support expense in the Basic Needs program and as rental income in the CMHC Housing Authority program.

(ii) Of the total current year Band other revenue, the following amounts have been recorded as administration fee expense in Health Authority and as an other revenue in the Band, \$669,295 (2022 - \$299,225).

(iii) Of the total current year Grocery Store and Gas Bar economic activities revenue, the following amounts have been recorded as expenses in the other entities and as economic activities revenue in Grocery Store and Gas Bar, \$330,374 (2022 - \$156,721) Band Government.

**PINAYMOOTANG FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

19. SEGMENTED INFORMATION

	ECONOMIC DEVELOPMENT			PUBLIC WORKS			HOUSING		
	Budget 2023	2023	2022	Budget 2023	2023	2022	Budget 2023	2023	2022
REVENUES									
Federal Government									
Operating Transfers	775,469	713,294	739,864	1,763,347	1,763,347	1,586,300	-	383,381	380,165
Capital Transfers	-	-	-	-	-	2,012,126	1,876,750	1,876,750	1,200,000
Provincial Government									
Operating Transfers	-	-	-	-	70,000	31,462	-	-	-
Capital Transfers	-	-	-	-	-	-	-	-	-
Other funding	-	-	-	-	-	-	-	-	-
Economic activities	-	-	-	-	-	-	-	-	-
Other revenue	(111,000)	179,232	-	17,853	17,853	-	-	209,226	298,957
	<u>664,469</u>	<u>892,526</u>	<u>739,864</u>	<u>1,781,200</u>	<u>1,851,200</u>	<u>3,629,888</u>	<u>1,876,750</u>	<u>2,469,357</u>	<u>1,879,122</u>
EXPENSES									
Wages and benefits	226,433	213,184	243,690	876,316	796,638	444,719	-	-	-
Debt servicing	-	-	-	-	-	-	-	86,137	85,150
Amortization	-	2,974	1,717	-	197,845	191,251	-	1,190,814	1,110,067
Other	563,592	669,973	425,614	743,531	587,198	481,985	1,396,750	208,960	316,686
	<u>790,025</u>	<u>886,131</u>	<u>671,021</u>	<u>1,619,847</u>	<u>1,581,681</u>	<u>1,117,955</u>	<u>1,396,750</u>	<u>1,485,911</u>	<u>1,511,903</u>
ANNUAL SURPLUS (DEFICIT)	<u>(125,556)</u>	<u>6,395</u>	<u>68,843</u>	<u>161,353</u>	<u>269,519</u>	<u>2,511,933</u>	<u>480,000</u>	<u>983,446</u>	<u>367,219</u>

PINAYMOOTANG FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023

19. SEGMENTED INFORMATION

	BAND GOVERNMENT		PRIVATE ENTERPRISE		CONSOLIDATED TOTAL	
	Budget 2023	2023	Budget 2023	2022	Budget 2023	2022
REVENUES						
Federal Government						
Operating Transfers	2,358,413	2,414,234	532,662	198,465	\$ 18,064,079	18,496,223
Capital Transfers	1,303,686	1,303,686	-	-	3,352,611	4,315,792
Provincial Government						
Operating Transfers	-	-	623,400	881,128	623,400	1,209,319
Capital Transfers	-	-	-	381,538	-	381,538
Other funding	-	59,942	-	-	-	114,972
Economic activities	-	-	16,103,375	12,069,545	16,103,375	12,069,545
Other revenue	1,500,246	3,248,119	24,526	52,198	1,496,625	682,903
	<u>5,162,345</u>	<u>7,025,981</u>	<u>17,283,963</u>	<u>13,582,874</u>	<u>39,640,090</u>	<u>37,270,292</u>
EXPENSES						
Wages and benefits	877,626	1,110,924	1,375,662	1,287,706	5,770,599	4,984,520
Debt servicing	-	-	-	265,089	-	471,279
Amortization	-	836,226	-	379,649	-	3,022,957
Other	3,227,701	2,874,901	15,143,703	11,666,335	31,914,773	22,409,017
	<u>4,105,327</u>	<u>4,822,051</u>	<u>16,519,365</u>	<u>13,598,779</u>	<u>37,685,372</u>	<u>30,887,773</u>
ANNUAL SURPLUS (DEFICIT)	<u>1,057,018</u>	<u>2,203,930</u>	<u>764,598</u>	<u>(15,905)</u>	<u>\$ 1,954,718</u>	<u>6,382,519</u>