

Swan Lake First Nation

Consolidated Financial Statements
For the year ended March 31, 2023

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For the year ended March 31, 2023

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Swan Lake First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief on behalf of the Chief and Council.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. 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.

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

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

The Chief and Council reviews and approves the Entity's consolidated financial statements. The 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 and to review the annual report, the consolidated financial statements and the external auditor's report. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to the Chief and Council.

Chief

A handwritten signature in black ink, appearing to read 'J. [Signature]', is placed over a horizontal line next to the title 'Chief'.



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BDO Canada LLP
148 - 10th Street
Brandon MB R7A 4E6 Canada

Independent Auditor's Report

To the Chief and Council of Swan Lake First Nation

Qualified Opinion

We have audited the accompanying consolidated financial statements of Swan Lake First Nation (the Entity), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the group as at March 31, 2023 and the results of its operations, change in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Effective April 1, 2022, the First Nation was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retrospective application method, the asset retirement obligation on transition is to be recorded using assumptions as of April 1, 2022. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. As of the audit report date, management has not completed its assessment of the First Nation's tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this department from Canadian public sector accounting standards on expenses and annual surplus for the years ended March 31, 2023 and 2022, tangible capital assets and the asset retirement obligation as at March 31, 2023 and 2022, and accumulated surplus as at April 1 and March 31 for both the 2023 and 2022 years.

Other Matters

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules or exhibits on pages 26 through of the Entity's consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibility 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.

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 Entity'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 Entity'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 Entity continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 audit evidence regarding the financial information of the entities or business activities within the Entity 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.

BDO Canada LLP

Chartered Professional Accountants

Brandon, Manitoba

April 26, 2024

Swan Lake First Nation
Consolidated Statement of Financial Position

March 31 2023 2022

Financial Assets

(Note 2)	\$ 9,702,306	\$ 12,904,668
(Note 3)	44	44
Accounts receivable (Note 4)	657,478	389,644
Replacement reserve assets (Note 11)	250,026	244,360
	<u>10,609,854</u>	<u>13,538,716</u>

Liabilities

Bank indebtedness (Note 6)	115,231	125,019
Accounts payable (Note 7)	1,239,432	579,424
Deferred revenue (Note 9)	3,560,745	5,231,144
Long-term debt due within one year (Note 8)	16,486,983	14,857,587
Long-term debt (Note 8)	11,232,853	14,894,919
	<u>32,635,244</u>	<u>35,688,093</u>

Net Debt

(22,025,390) (22,149,377)

Non-Financial Assets

(Note 5)	49,785,704	49,070,312
Inventories	282,188	281,344
Prepaid expenses	110	-
	<u>50,068,002</u>	<u>49,351,656</u>

Accumulated Surplus

\$ 28,042,612 \$ 27,202,279

On behalf of the Chief and Council:


J. A. J. Chief
J. A. J. Councillor


G. N. Councillor

G. N. Councillor

Marcie Neele Councillor

**Swan Lake First Nation
Consolidated Statement of Change in Net Debt**

For the year ended March 31	Budget	2023	2022
	(Note 14)		
Annual Surplus (deficit)	\$ -	\$ 840,333	\$ 2,943,821
Acquisition of tangible capital assets	-	(3,601,743)	(3,590,329)
Amortization of tangible capital assets	-	<u>2,886,351</u>	2,813,012
	-	<u>124,941</u>	2,166,504
Use of prepaid expenses	-	(110)	-
Use of inventories	-	<u>(844)</u>	91,266
Decrease in net debt	-	123,987	2,257,770
Net debt, beginning of year	-	<u>(22,149,377)</u>	(24,407,147)
Net debt, end of year	\$ -	\$ (22,025,390)	\$ (22,149,377)

Swan Lake First Nation
Consolidated Statement of Operations

For the year ended March 31	Budget	2023	2022
	(Note 14)		
Revenue			
I.S.C.	\$ -	\$ 11,075,063	\$ 15,661,343
VLT revenues, net	-	2,191,391	851,075
Rental	-	3,592,280	3,363,372
Enbridge	-	417,203	613,138
Provincial funding	-	520,898	533,388
Four Corners	-	2,313,062	1,734,952
F.N.I.H.B.	-	3,593,660	3,727,003
Cigarettes and confectionary	-	455,325	331,597
Other revenue (Note 10)	-	8,002,110	6,724,779
	<hr/>	<hr/>	<hr/>
	- 32,160,992	33,540,647	
Expenditures			
Band support/administration	\$ -	7,009,377	6,739,911
Social	-	1,690,148	1,370,750
Education	-	4,347,820	3,856,392
Health	-	3,933,454	8,077,845
Housing	-	1,607,374	1,393,259
Operations and maintenance	-	4,316,552	2,824,618
Enterprises	-	8,415,934	6,334,051
	<hr/>	<hr/>	<hr/>
	- 31,320,659	30,596,826	
Annual Surplus (deficit)	-	840,333	2,943,821
Accumulated surplus, beginning of year	<hr/>	<hr/>	<hr/>
Accumulated surplus, end of year	\$ 28,042,612	\$ 27,202,279	

**Swan Lake First Nation
Consolidated Statement of Cash Flows**

<u>For the year ended March 31</u>	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Surplus for the year	\$ 840,333	\$ 2,943,821
Adjustments for		
Amortization of tangible capital assets	<u>2,886,351</u>	<u>2,813,012</u>
	<u>3,726,684</u>	<u>5,756,833</u>
Changes in non-cash working capital balances		
Accounts receivable	(267,834)	166,578
Inventories	(843)	91,265
Prepaid expenses	(110)	-
Accounts payable	660,008	106,959
Deferred revenue	(1,670,399)	1,239,107
Replacement reserve	<u>(5,666)</u>	<u>(13,819)</u>
	<u>(1,284,844)</u>	<u>1,590,090</u>
	<u>2,441,840</u>	<u>7,346,923</u>
Cash Flows from Capital Activities		
Purchase of tangible capital assets	<u>(3,601,743)</u>	<u>(3,590,329)</u>
Cash Flows from Financing Activities		
Repayment of long-term debt	(2,032,671)	(1,816,018)
Proceeds of long-term debt	<u>-</u>	<u>523,824</u>
	<u>(2,032,671)</u>	<u>(1,292,194)</u>
Increase (decrease) in cash and cash equivalents during the year	(3,192,574)	2,464,400
Cash and cash equivalents, beginning of year	<u>12,779,649</u>	<u>10,315,249</u>
Cash and cash equivalents, end of year	<u>\$ 9,587,075</u>	<u>\$ 12,779,649</u>
Represented by		
Cash and short-term investments	\$ 9,702,306	\$ 12,904,668
Bank indebtedness	<u>(115,231)</u>	<u>(125,019)</u>
	<u>\$ 9,587,075</u>	<u>\$ 12,779,649</u>

Swan Lake First Nation Notes to Consolidated Financial Statements

March 31, 2023

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations	Swan Lake First Nation is a First Nation government that provides a wide range of services to the members of its community. By its nature, the Entity is non-taxable. The Entity is governed by a board of elected Chief and Council.																																						
Basis of Presentation	<p>These consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards and include all Entities, operations and activities that are:</p> <ol style="list-style-type: none">1) accountable for the administration of their financial affairs and resources directly to the First Nation; and2) owned or controlled by the First Nation.																																						
Reporting Entity	<p>These consolidated financial statements consolidate the operations of all band administered departments plus the following band controlled entities:</p> <ul style="list-style-type: none">- SLFN Enterprises (100%)- Swan Lake First Nation Housing Authority (100%)- Swan Lake First Nation Gaming Commission (100%)- Swan Lake First Nation Farm (100%)- 6226124 Manitoba Ltd. (100%)- SLFN Property Management Ltd. (100%)																																						
Tangible Capital Assets	<p>Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The First Nation does not capitalize interest charges as part of the cost of its tangible capital assets.</p> <p>Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the First Nation, forests, water, and other natural resources are not recognized as tangible capital assets.</p>																																						
Amortization	<p>Assets are amortized over their expected useful life at the following rates:</p> <table><tbody><tr><td>Water Treatment Plant</td><td>5%</td><td>Declining Balance</td></tr><tr><td>Buildings</td><td>5%</td><td>Declining Balance</td></tr><tr><td>Medical Vans</td><td>30%</td><td>Declining Balance</td></tr><tr><td>Vehicles</td><td>20%</td><td>Declining Balance</td></tr><tr><td>CMHC Housing</td><td>25 years</td><td>Straight Line</td></tr><tr><td>Roads</td><td>33 years</td><td>Straight Line</td></tr><tr><td>Potato Chip Plant</td><td>5 years</td><td>Straight Line</td></tr><tr><td>VLT Lounge</td><td>4%</td><td>Declining Balance</td></tr><tr><td>Equipment</td><td>20%</td><td>Declining Balance</td></tr><tr><td>Wind Farm</td><td>5%</td><td>Declining Balance</td></tr><tr><td>Water Lines</td><td>25 years</td><td>Straight Line</td></tr><tr><td>Fibre Optics</td><td>25 years</td><td>Straight Line</td></tr></tbody></table> <p>No amortization is recorded on the irrigation dam - non depreciable.</p>			Water Treatment Plant	5%	Declining Balance	Buildings	5%	Declining Balance	Medical Vans	30%	Declining Balance	Vehicles	20%	Declining Balance	CMHC Housing	25 years	Straight Line	Roads	33 years	Straight Line	Potato Chip Plant	5 years	Straight Line	VLT Lounge	4%	Declining Balance	Equipment	20%	Declining Balance	Wind Farm	5%	Declining Balance	Water Lines	25 years	Straight Line	Fibre Optics	25 years	Straight Line
Water Treatment Plant	5%	Declining Balance																																					
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Fibre Optics	25 years	Straight Line																																					

Swan Lake First Nation Notes to Consolidated Financial Statements

March 31, 2023

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenues are recognized in the period in which the transactions or when services are provided and collectability is reasonably assured. Rental revenue is recognized when the rental space has been used and collectability is reasonable assured. VLT revenue is recognized daily on a net basis once Swan Lake First Nation has calculated the percentage payout remitted to Liquor and Gaming Authority of Manitoba. Confectionary revenue is recognized at the time of sale. Four Corners gas revenue is recognized once the service has been provided and collectability is reasonably assured.

Government transfers are the transfer of assets that are recognized and released by the payor government and are not representative of the full benefit of the recipient government's treaty entitlements. Government transfers are not the result of an exchange transaction, are not expected to be repaid in the future or are the result of a direct financial return.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principals 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 period. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates by management have been made in the following areas:

- The useful life of capital assets

Trust Funds

Trust funds represent the Indian Monies Trust funds held by the Federal Government. These funds are administered by the Federal Government.

Swan Lake First Nation Notes to Consolidated Financial Statements

March 31, 2023

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments re-measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Swan Lake First Nation Notes to Consolidated Financial Statements

March 31, 2023

2. Cash and Short-term Investments

	2023	2022
Swan Lake First Nation	\$ 762,585	\$ 728,861
Swan Lake First Nation - Social	114,325	16,948
Swan Lake First Nation Housing Authority	665,369	886,039
Gaming Commission	549	59
Swan Lake First Nation Farm	12,393	12,861
SLFN Enterprises	6,282,251	8,189,224
SLFN Enterprises - ATM/VLT cash on hand	97,172	110,142
SLFN Enterprises - term deposits (detailed below)	1,629,887	2,662,778
Four Corners Gas Bar	5,342	155,535
SLFN Instaloans	17,202	17,202
 Cash and short-term investments	 \$ 9,587,075	 \$ 12,779,649
 Represented by:		
Cash and short-term investments	\$ 9,702,306	\$ 12,904,668
Bank indebtedness	(115,231)	(125,019)
 \$ 9,587,075	 \$ 12,779,649	

SLFN Enterprises - Term Deposits

The carrying amounts of term deposits are comprised of the following:

	2023	2022
TD 3-month term deposit, matured in the year.	\$ -	\$ 508,013
TD 1-year term deposit, matured in the year.	-	551,691
TD 1-year term deposit, earns interest at 4.00%, maturing on March 28, 2024.	1,109,617	1,082,804
Westoba Credit Union 3-month guaranteed investment certificate, earns interest at 1.50%, maturing on July 8, 2023.	520,270	520,270
 \$ 1,629,887	 \$ 2,662,778	

Swan Lake First Nation Notes to Consolidated Financial Statements

March 31, 2023

3. Trust Funds Held by Federal Government

Trust fund accounts 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.

	Opening Balance	Additions	Withdrawals	2023 Total	2022 Total
Revenue Capital	\$ 3 41	- \$ -	- \$ -	\$ 3 41	\$ 3 41
Fund Total	\$ 44	- \$ -	- \$ -	\$ 44	\$ 44

4. Accounts Receivable

	2023	2022
SLFN Enterprises	\$ 37,305	\$ 23,891
Indigenous Services Canada	402,648	121,455
Receiver General	85,284	56,676
First Peoples Development Corp.	26,179	26,179
Band member advances	2,063	(140)
Four Corners	55,849	27,629
CEDO loans	106,333	110,146
Occupant receivables	61,362	38,765
Other	848	80,784
Trust	19,898	19,898
Allowance for doubtful accounts	(140,291)	(115,639)
	\$ 657,478	\$ 389,644

Swan Lake First Nation Notes to Consolidated Financial Statements

March 31, 2023

5. Tangible Capital Assets

2023

	Cost, beginning of year	Additions (disposals)	Cost, end of year	Accumulated amortization, beginning of year	Amortization	Accumulated amortization, end of year	Net carrying amount, end of year
Water treatment plant	\$ 4,137,862	\$ -	\$ 4,137,862	\$ 2,078,276	\$ 118,184	\$ 2,196,460	\$ 1,941,402
Buildings	51,924,069	1,557,442	53,481,511	13,188,380	1,956,440	15,144,820	38,336,691
Irrigation dam	286,783	-	286,783	-	-	-	286,783
Medical vans	405,832	-	405,832	380,738	7,528	388,266	17,566
Vehicles	1,349,838	218,183	1,568,021	902,393	51,275	953,668	614,353
CMHC housing	9,036,301	810,026	9,846,327	3,741,770	362,122	4,103,892	5,742,435
Roads	853,154	32,677	885,831	617,222	26,348	643,570	242,261
Potato chip plant	2,383,634	-	2,383,634	2,383,634	-	2,383,634	-
VLT lounge	552,437	-	552,437	428,561	6,635	435,196	117,241
Equipment	6,955,393	738,419	7,693,812	5,710,615	304,743	6,015,358	1,678,454
Wind Farm	134,008	-	134,008	78,243	2,788	81,031	52,977
Water Lines	829,625	-	829,625	795,925	33,185	829,110	515
Fibre Optic							
Cable	305,060	244,996	550,056	6,101	17,103	23,204	526,852
Land	228,174	-	228,174	-	-	-	228,174
Total	\$ 79,382,170	\$ 3,601,743	\$ 82,983,913	\$ 30,311,858	\$ 2,886,351	\$ 33,198,209	\$ 49,785,704

2022

	Cost, beginning of year	Additions (disposals)	Cost, end of year	Accumulated amortization, beginning of year	Amortization	Accumulated amortization, end of year	Net carrying amount, end of year
Water treatment plant	\$ 4,137,862	\$ -	\$ 4,137,862	\$ 1,956,287	\$ 121,989	\$ 2,078,276	\$ 2,059,586
Buildings	50,288,658	1,635,411	51,924,069	11,263,608	1,924,772	13,188,380	38,735,689
Irrigation dam	286,783	-	286,783	-	-	-	286,783
Medical vans	405,832	-	405,832	369,983	10,755	380,738	25,094
Vehicles	1,125,534	224,304	1,349,838	818,569	83,824	902,393	447,445
CMHC housing	8,207,195	829,106	9,036,301	3,399,531	342,239	3,741,770	5,294,531
Roads	853,154	-	853,154	595,893	21,329	617,222	235,932
Potato chip plant	2,383,634	-	2,383,634	2,383,634	-	2,383,634	-
VLT lounge	552,437	-	552,437	405,553	23,008	428,561	123,876
Equipment	6,358,945	596,448	6,955,393	5,471,505	239,110	5,710,615	1,244,778
Wind Farm	134,008	-	134,008	71,543	6,700	78,243	55,765
Water Lines	829,625	-	829,625	762,740	33,185	795,925	33,700
Fibre Optic							
Cable		305,060	305,060	-	6,101	6,101	298,959
Land		228,174	228,174	-	-	-	228,174
Total	\$75,791,841	\$ 3,590,329	\$ 79,382,170	\$ 27,498,846	\$ 2,813,012	\$ 30,311,858	\$ 49,070,312

The tangible capital assets have not been assessed for asset retirement obligations as required by PS 3280 Asset Retirement Obligations. The assets listed may be understated by the amounts of any existing asset retirement obligations.

Swan Lake First Nation Notes to Consolidated Financial Statements

March 31, 2023

6. Bank Indebtedness

The SLFN Enterprises Ltd. bank account carries an overdraft limit of \$250,000 (2022 - \$250,000) and has unused credit facility of \$250,000 (2022 - \$250,000), secured by a general security agreement. The Swan Lake First Nation regular bank and Social bank accounts do not carry an overdraft limit.

7. Accounts Payable

	2023	2022
Trade accounts payable	\$ 956,182	\$ 365,691
School division payables	24,423	24,423
Accrued liabilities	47,325	47,325
Employee future benefits	<u>211,501</u>	<u>141,985</u>
	\$ 1,239,431	\$ 579,424

8. Long-term Debt

	2023	2022
Canada Mortgage and Housing Authority mortgage repayable monthly at \$1,910 including interest at 1.30% secured by a ministerial guarantee, matures April 1, 2026.	\$ 69,576	\$ 91,550
Canada Mortgage and Housing Authority mortgage repayable monthly at \$1,484 including interest at 3.29% secured by a ministerial guarantee, matures July 1, 2027.	74,402	90,444
Canada Mortgage and Housing Authority mortgage repayable monthly at \$2,268 including interest at 2.52% secured by a ministerial guarantee, matures March 1, 2028.	127,756	151,444
Canada Mortgage and Housing Authority mortgage repayable monthly at \$1,691 including interest at 1.86% secured by a ministerial guarantee, matures January 1, 2029.	112,136	130,172
Canada Mortgage and Housing Authority mortgage repayable monthly at \$1,202 including interest at 1.86% secured by a ministerial guarantee, matures April 1, 2029.	82,978	95,745
Canada Mortgage and Housing Authority mortgage repayable monthly at \$1,540 including interest at 0.68% secured by a ministerial guarantee, matures March 1, 2030.	124,105	141,358
Canada Mortgage and Housing Authority mortgage repayable monthly at \$3,709 including interest at 3.29% secured by a ministerial guarantee, matures July 1, 2032.	382,735	418,643
Canada Mortgage and Housing Authority mortgage repayable monthly at \$1,204 including interest at 0.76% secured by a ministerial guarantee, matures December 1, 2030.	105,843	119,053
Canada Mortgage and Housing Authority mortgage repayable at \$1,349 including interest at 2.52 %, secured by ministerial guarantee, matures February 1, 2033.	141,997	154,455

Swan Lake First Nation Notes to Consolidated Financial Statements

March 31, 2023

8. Long-term Debt (continued)

Canada Mortgage and Housing Authority mortgage repayable at \$1,188 including interest at 1.13%, secured by ministerial guarantee, matures May 1, 2036	174,277	186,486
Canada Mortgage and Housing Authority mortgage repayable monthly at \$1,184 including interest at 1.57% secured by a ministerial guarantee, matures December 1, 2036.	178,985	190,562
Canada Mortgage and Housing Authority mortgage repayable monthly at \$2,351 including interest at 3.24%, secured by ministerial guarantee, matured July 1, 2037	365,371	386,397
Canada Mortgage and Housing Authority mortgage, repayable monthly at \$589 including interest of 0.96%, secured by ministerial guarantee, matures November 1, 2039.	100,874	106,430
Canada Mortgage and Housing Authority mortgage, repayable monthly at \$543 including interest of 0.76%, secured by ministerial guarantee, matures June 1, 2040.	99,153	104,513
Canada Mortgage and Housing Authority mortgage, repayable monthly at \$1,721 including interest of 1.30% secured by ministerial guarantee, matures April 1, 2036.	251,900	269,453
Canada Mortgage and Housing Authority mortgage, repayable monthly at \$797 including interest of 2.35%, secured by ministerial guarantee, matures July 1, 2038.	123,212	129,816
Canada Mortgage and Housing Authority mortgage, repayable monthly at \$3,669 including interest of 2.35%, secured by ministerial guarantee, matures July 1, 2038.	566,834	597,215
Canada Mortgage and Housing Authority mortgage, repayable monthly at \$1,246 including interest of 0.98%, secured by ministerial guarantee, matures April 1, 2040.	235,247	247,830
Canada Mortgage and Housing Authority mortgage, repayable monthly at \$1,485 including interest of 0.98%, secured by ministerial guarantee, matures April 1, 2040.	280,427	295,419
Canada Mortgage and Housing Authority mortgage. Loan proceeds not fully dispersed, terms not yet finalized.	224,190	224,190
Canada Mortgage and Housing Authority mortgage, repayable monthly at \$2,077 including interest of 1.22%, secured by ministerial guarantee, matures May 1, 2046.	502,848	521,525
Canada Mortgage and Housing Authority mortgage repayable monthly at \$10,064 including interest of 25.00% secured by ministerial guarantee, matures December 1, 2046.	126,561	126,561

Swan Lake First Nation Notes to Consolidated Financial Statements

March 31, 2023

8. Long-term Debt (continued)

TD Canada Trust Loan (administration building), repayable monthly at \$7,334 principal and interest, interest payable at 2.25%, matures April 2026.	346,342	420,096
TD Canada Trust loan (RV Park/Log Cabins), repayable monthly at \$5,941 principal and interest, interest payable at a rate of 7.20%, matures November 2029.	420,582	477,629
TD Canada Trust loan (Enterprises), repayable monthly at \$3,014 principal and interest, interest payable at a rate of 2.05%, matures March 2030.	265,660	291,963
TD Canada Trust loan (Enterprises), repayable monthly at \$10,049 principal and interest, interest payable at a rate of 7.20%, matures December 2029.	714,852	797,821
TD Canada Trust loan (Hi-Trac) repayable monthly at \$3,871 principal and interest, interest payable at a rate of 7.20%, matures February 2024.	41,088	85,911
TD Canada Trust loan (Cultural Centre), repayable monthly at \$1,992 principal and interest, interest payable at a rate of 2.14%, matures May 2035.	274,155	290,110
TD Canada Trust loan (Enterprises), repayable monthly at \$24,011 principal and interest, interest payable at a rate of 2.61%, matures July 2024.	656,415	698,915
RBC loan (water treatment plant), repayable monthly at \$46,192 principal and interest, interest payable at 2.25%, matures on March 21, 2024.	3,628,942	4,095,824
RBC Loan (Headingley building), repayable monthly at \$51,026 principal and interest, interest payable at 2.25%, matures on April 1, 2024.	7,424,774	7,864,590
RBC Term Loan (Headingley building) repayable monthly at \$4,600 principal and interest, interest payable at a rate of 1.61%, matures October 1, 2023.	392,724	438,372
RBC Loan (Headingley building) repayable monthly at \$34,093 principal and interest, interest payable at a rate of prime plus 0.50%, matures October 5, 2023.	<u>9,102,895</u>	<u>9,512,014</u>
	<u>27,719,836</u>	<u>29,752,506</u>
Less amounts due within one year	<u>16,486,983</u>	<u>14,857,587</u>
	<u>\$ 11,232,853</u>	<u>\$ 14,894,919</u>

Swan Lake First Nation Notes to Consolidated Financial Statements

March 31, 2023

8. Long-term Debt (continued)

Security on RBC loans listed above is as follows:

- Band council resolutions
- Evidences of indebtedness
- General security agreement
- Assignment of agreement with casino operator
- Assignment of all I.S.C. funding and grants related to water treatment plant
- Guarantee in the amount of \$6,990,000 from Swan Lake First Nation in support of 6226124 Manitoba Ltd. and postponement of previous claims
- General assignment of rents and leases
- Mortgage of leaseland located at 4818 Portage Avenue, 200 Alpine Way, and 300 Alpine Way.

Security on TD loans listed above is as follows:

- General security agreement
- Band council resolutions
- Assignment of fire insurance issued in the name of Swan Lake First Nation
- Specific assignment of lease between Swan Lake First Nation, Dakota Ojibway Child and Family Services and TD Bank
- Assignment of term deposits and credit balances in the amount of \$820,000
- Guarantee of advances by Swan Lake First Nation in support of SLFN Enterprises Ltd.

Principal repayments for the next five years and thereafter are as follows:

2024	\$ 16,486,983
2025	5,821,219
2026	702,361
2027	604,287
2028	531,227
Thereafter	<u>3,573,759</u>
	<u>\$ 27,719,836</u>

Interest paid on long-term debt was \$980,032 (2022 - \$709,229).

Swan Lake First Nation Notes to Consolidated Financial Statements

March 31, 2023

9. Deferred Revenue

During the year, the Swan Lake First Nation received funding advances from the Department of Indigenous Services Canada (I.S.C.) and the Government of Canada and other sources.

There are two types of funding received; Grant funding and Contribution funding. Grant funding is received for specific authorized programs and as a part of the New Fiscal Relationship Grant (NFR). The ability to defer funds depends on individual contracts and agreements.

Contribution funding is received in the form of Set funding, Fixed funding, Flexible funding, and Block funding. Unused Set funding must be returned at the end of the fiscal year and is ineligible to be carried forward. Remaining Fixed funding can be carried forward and used in the next fiscal year provided all of the agreed upon uses for said funding have been completed and it is used on a similar project or for a project approved of by the Funder. This can extend up to one year after the expiry of the funding agreement. Flexible funding is similar to Fixed funding in that the recipient may carry forward unexpected funds at the end of the fiscal year for use with similar projects or in accordance with a plan that has been submitted to and approved by the Funder. It differs upon the expiry of the agreement. At expiration, all unused funds must be returned to I.S.C. Block funding is a transfer payment to Indigenous recipients where terms and conditions are outlined in each agreement. Block funding allows for increased flexibility in the terms and conditions and can be updated according to changes in circumstance. Recipients may defer Block funding to the next fiscal year to further achieve objectives set out in the agreement or in accordance to a plan submitted for approval. These funds must be reported at year end. Revenue is recognized as the offsetting expenses occur.

F.N.I.H.B. program funding deferred to the next fiscal year is in the form of Flexible funding, deferred I.S.C. program funding is a mix of Fixed, Flexible, and Block funding as well as Grant revenue, and deferred CMHC Rapid Housing funding and other program funding have no specific terms defined and excess funds are carried forward to the next fiscal year.

As of year end, \$3,560,745 of the funding was unspent and as a result the Swan Lake First Nation has recognized it as a liability in the statement of financial position

	2023	2022
Opening	\$ 5,231,144	\$ 3,992,037
Add:		
F.N.I.H.B. program funding	784,717	1,052,666
I.S.C. program funding	2,055,579	3,149,042
CMHC Rapid Housing funding	-	119,091
Other program funding	720,449	910,345
Less: Amounts recognized in the year	<u>(5,231,144)</u>	<u>(3,992,037)</u>
	\$ 3,560,745	\$ 5,231,144

Swan Lake First Nation Notes to Consolidated Financial Statements

March 31, 2023

10. Other Revenue

	2023	2022
SLFN Enterprises - Community Development	\$ 62,436	\$ 220,387
SLFN Enterprises - F.N.I.H.B. (deferred)	1,057,427	328,057
Public works	143,993	36,647
SLFN Housing Authority - Rapid Housing Grant	119,091	1,459,387
SLFN Housing Authority - CMHC Projects	425,310	459,356
Education, employment and training	2,755,730	1,568,880
Interest income	121,837	13,106
Livestock and other farm revenue	(30,000)	(14,200)
Daycare revenues	380,739	384,713
Sundry - Interchanges, cost recoveries and donations	<u>2,965,547</u>	<u>2,268,446</u>
	\$ 8,002,110	\$ 6,724,779

11. Replacement Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve accounts for each phase are to accumulate with annual appropriations until they reach the final accumulation amounts plus interest.

These funds, along with the 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 Canada Mortgage and Housing Corporation and withdrawals are credited first to interest, then to principal.

The amount of replacement reserve at March 31, 2023 is \$271,370. \$250,026 is funded and set aside in a separate bank account. The annual replacement reserve allocation is \$71,300.

	2023	2022
Replacement reserve	\$ 271,370	\$ 373,467
Funded reserve balance	<u>250,026</u>	<u>244,360</u>
Unfunded reserve balance	\$ 21,344	\$ 129,107

Swan Lake First Nation Notes to Consolidated Financial Statements

March 31, 2023

12. Payroll Remittances

Swan Lake First Nation entered into an agreement with Indigenous Services Canada for funding contributions for employees registered pension plans and the Canada Pension Plan for Indigenous Services Canada funded employees. The following amounts relate to the agreement as well as source deductions remitted to Canada Revenue Agency and group insurance payments submitted to Rice Financial and Great West Life.

Total eligible salaries	\$ 4,929,191
Employee's contributions:	
Canada Pension Plan	38,202
EI	85,045
Income tax	161,480
Employer's contributions:	
Private pension plan	154,892
Canada Pension Plan	38,202
EI	119,064
Group Insurance	142,401

All unremitted amounts were remitted in April, 2023.

13. Prior Year Figures

Certain prior year's figures have been restated to conform with the current year's presentation.

14. Budgeted Figures

The budget adopted by Chief and Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared only for specific unaudited schedules while Public Sector Accounting Standards require a full accrual basis.

Swan Lake First Nation Notes to Consolidated Financial Statements

March 31, 2023

15. Financial Risk Management

The Swan Lake First Nation is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the Swan Lake First Nation's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these consolidated financial statements.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Swan Lake First Nation is exposed to credit risk through the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Entity is exposed to credit risk through its bank accounts that are held with TD Bank and RBC due to limited insurability of \$100,000 through CDIC, however management does not feel any added risk is warranted for balances in excess of insured amount. The risk is unchanged from the prior year.

Liquidity risk

Liquidity risk is the risk that the Swan Lake First Nation will encounter difficulty in meeting obligations associated with financial liabilities. The Swan Lake First Nation is exposed to liquidity risk through accounts payable, replacement reserve, and long-term debt. Management feels the Entity will continue to generate sufficient operating cash flows to cover these debts as they come due. The risk is unchanged from the prior year.

Market risk

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. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Swan Lake First Nation is mainly exposed to interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Swan Lake First Nation is exposed to interest rate risk through its future cash flow risk due to its long-term debt where a fluctuation in interest rates on renewal of fixed rate term loans, specifically the RBC Term Loans for the Headingley Buildings maturing in 2023, would cause a change in the cash flow available to reduce the balance outstanding. The risk is unchanged from the prior year.

Swan Lake First Nation Notes to Consolidated Financial Statements

March 31, 2023

16. Segmented Information

Swan Lake First Nation is a First Nation government that provides a wide range of services to the members of its community. For management reporting purposes the First Nations' operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following significant segments have been identified and as such are separately disclosed:

Band Support/Administration

Band support/administration contains activities that are necessary for the management and governance of the First Nation Entity.

Social

Social contains activities that provide financial support or support by other means to band members that is aimed at developing both the individual as well as the community.

Education

Education contains activities that provide education to band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

Health Services

Health Services contains activities that provide medical services to band members.

Rental Housing

Rental Housing contains activities that provide housing and repairs and maintenance to band members' housing.

Operations and Maintenance

Operations and maintenance contains all activities that relate to the maintenance of land, buildings and infrastructure of the First Nation.

Enterprises

Enterprises contain business activities operated by the first nation.

Swan Lake First Nation
Notes to Financial Statements

16. Segmented Information (continued)

For the year ended March 31, 2023

	Band Support/ Administration	Social	Education	Health	Rental Housing	Operations and Maintenance	Enterprises	Internal Transfers	Total
I.S.C.	\$ 1,621,573	\$ 1,748,042	\$ 4,409,312	\$ 3,593,660	\$ 1,351,000	\$ 1,945,136	\$ -	\$ -	\$ 11,075,063
F.N.I.H.B.	-	-	2,369,295	1,062,582	871,963	2,278,949	7,707,834	(654,908)	3,593,660
Other revenue	<u>3,201,646</u>	<u>1,748,042</u>	<u>6,778,607</u>	<u>4,656,242</u>	<u>2,222,963</u>	<u>4,224,085</u>	<u>7,707,834</u>	<u>(654,908)</u>	<u>16,837,361</u>
Total revenue	4,823,219	1,748,042	6,778,607	4,656,242	2,222,963	4,224,085	7,707,834	(654,908)	31,506,084
Amortization	397,534	-	-	7,528	510,568	392,379	1,578,342	-	2,886,351
Cost of sales	-	-	3,106,074	2,353,100	978,867	3,029,277	2,759,076	-	2,759,076
Program expenditures	4,010,330	-	-	-	-	-	3,135,312	(654,908)	15,958,052
Salaries and benefits	2,028,172	78,483	1,176,435	1,415,763	85,339	791,761	943,204	-	6,519,157
Social assistance	-	1,611,665	-	157,063	-	-	-	-	1,611,665
Travel	573,341	-	65,311	-	32,600	103,135	-	-	931,450
Total expenditures	7,009,377	1,690,148	4,347,820	3,933,454	1,807,374	4,316,552	8,415,934	(654,908)	30,865,751
Surplus (deficit)	\$ (2,186,158)	\$ 57,894	\$ 2,430,787	\$ 722,758	\$ 615,589	\$ (92,467)	\$ (708,100)	\$ -	\$ 840,333

Swan Lake First Nation
Notes to Financial Statements

16. Segmented Information (continued)

For the year ended March 31, 2022

	Band Support/ Administration	Social	Education	Health	Housing	Operations and Maintenance	Enterprises	Eliminations	Total
I.S.C.	\$ 1,898,869	\$ 1,952,848	\$ 3,844,641	\$ 6,279,332	\$ 270,000	\$ 1,415,653	\$ -	\$ -	\$ 15,661,343
F.N.I.H.B.	-	-	-	3,727,003	-	-	-	-	3,727,003
Other revenue	2,132,812	-	1,385,607	328,057	2,195,218	1,669,896	6,440,711	(750,714)	13,401,587
Total revenue	4,031,681	1,952,848	5,230,248	10,334,392	2,465,218	3,085,549	6,440,711	(750,714)	32,769,933
Amortization	375,136	-	-	10,755	439,504	410,781	1,576,837	-	2,813,013
Cost of sales	-	-	-	-	-	-	1,917,794	-	1,917,794
Program expenditures	4,595,094	-	2,706,198	6,937,393	864,383	1,654,875	2,301,657	(750,714)	18,308,886
Salaries and benefits	1,663,837	58,353	1,129,157	1,094,780	72,404	702,515	537,763	-	5,256,809
Social assistance	-	1,312,397	-	-	-	-	-	-	1,312,397
Travel	105,844	-	21,037	34,917	16,968	56,447	-	-	235,213
Total expenditures	6,739,911	1,370,750	3,856,392	8,077,845	1,393,259	2,824,618	6,334,051	(750,714)	29,846,112
Surplus (deficit)	\$ (2,708,230)	\$ 582,098	\$ 1,373,856	\$ 2,256,547	\$ 1,071,959	\$ 260,931	\$ 106,660	\$ -	\$ 2,943,821

