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MANTO Sipi CREE NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

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# MANTO SIPI CREE NATION

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**MARCH 31, 2023**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Manto Sipi Cree Nation are the responsibility of management and have been approved by 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 and as such include amounts that are the best estimates and judgments of management.

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 is 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 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 consolidated financial statements and the external auditor's report.

The external auditors, Baker Tilly HMA LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Manto Sipi Cree Nation and meet when required.

Chief

Councillor

Councillor

Councillor

Councillor

Councillor

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## INDEPENDENT AUDITOR'S REPORT

To the Chief, Council and Membership  
Manto Sipi Cree Nation

### Opinion

We have audited the accompanying consolidated financial statements of Manto Sipi Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, change 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 Manto Sipi Cree Nation as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Manto Sipi Cree 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 Manto Sipi Cree 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 Manto Sipi Cree Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Manto Sipi Cree Nation's financial reporting process.

*(continued.....)*

### **Auditor's 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 Manto Sipi Cree 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 Manto Sipi Cree 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 Manto Sipi Cree 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  
March 26, 2024

# MANTO Sipi Cree Nation

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2023

2022

### FINANCIAL ASSETS

Cash <i>(Note 3)</i>	\$ 16,330,179	\$ 19,238,158
Restricted cash <i>(Note 4)</i>	67,329	40,229
Accounts receivable <i>(Note 5)</i>	1,488,418	9,882,337
Due from related entities <i>(Note 6)</i>	519,406	517,726
Investments <i>(Note 7)</i>	<u>320,385</u>	<u>320,385</u>
Total financial assets	<u>18,725,717</u>	<u>29,998,835</u>

### LIABILITIES

Accounts payable and accrued liabilities <i>(Note 9)</i>	3,084,214	6,291,946
Deferred revenue <i>(Note 10)</i>	11,142,182	19,382,153
Long term debt <i>(Note 11)</i>	<u>7,968,313</u>	<u>8,541,081</u>
Total liabilities	<u>22,194,709</u>	<u>34,215,180</u>
Net debt	<u>( 3,468,992)</u>	<u>( 4,216,345)</u>

### NON-FINANCIAL ASSETS

Tangible capital assets <i>(Note 12)</i>	86,954,823	76,967,130
Construction in progress <i>(Note 13)</i>	20,276,804	15,839,472
Prepaid expenses	<u>6,909</u>	<u>63,780</u>
Total non-financial assets	<u>107,238,536</u>	<u>92,870,382</u>
Accumulated surplus	<u>\$ 103,769,544</u>	<u>\$ 88,654,037</u>

Contingent liabilities *(Note 14)*

Approved on behalf of Council

Chief

Councillor

Councillor

*Bob Head*  
Councillor  
*Mayden Okere*  
Councillor  
Councillor

# MANTO SIPI CREE NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2023	2022
<b>REVENUE</b>			
Indigenous Services Canada	\$ 2,926,366	\$ 33,773,331	\$ 26,448,503
First Nations and Inuit Health	2,317,363	2,573,499	3,015,724
Canada Mortgage and Housing Corporation		2,242,876	2,297,396
Employment and Social Development Canada	328,066	263,526	234,322
Administration	134,360	1,863,356	1,484,626
Joint venture income		1,045,344	184,221
Gain on investment			115,369
Other	133,457	421,894	386,054
Province of Manitoba	221,643	617,122	607,250
Rental	215,034	722,248	786,962
Treaty Land Entitlement	36,020	61,943	31,345
User fees	48,000	18,141	20,311
Eliminations	-	( 2,181,270)	( 1,776,276)
	<u>6,360,309</u>	<u>41,422,010</u>	<u>33,835,807</u>
<b>EXPENDITURES</b>			
Governance and administration	1,545,811	2,131,262	1,565,681
Economic development	48,632	260,009	847,497
Community services	693,526	2,344,425	1,397,321
Capital and construction	716,905	3,984,807	2,968,832
Social services	4,704,791	4,646,440	3,441,787
Training and employment	187,583	358,519	423,879
Health	2,527,465	4,705,417	4,514,174
Child care	168,248	108,332	89,753
Education		8,948,025	6,089,085
Housing authority		1,000,537	1,496,682
Eliminations	-	( 2,181,270)	( 1,776,276)
	<u>10,592,961</u>	<u>26,306,503</u>	<u>21,058,415</u>
ANNUAL SURPLUS	( 4,232,652)	15,115,507	12,777,392
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>88,654,037</u>	<u>88,654,037</u>	<u>75,876,645</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 84,421,385</u>	<u>\$ 103,769,544</u>	<u>\$ 88,654,037</u>

# MANTO SIPI CREE NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2023	2022
Annual surplus	<u>\$ (4,232,652)</u>	<u>\$ 15,115,507</u>	<u>\$ 12,777,392</u>
Acquisition of tangible capital assets and construction in progress		<u>(17,951,825)</u>	(12,136,299)
Amortization of tangible capital assets	<u>_____ -</u>	<u>3,526,800</u>	<u>2,966,907</u>
	<u>_____ -</u>	<u>(14,425,025)</u>	<u>( 9,169,392)</u>
Acquisition of prepaid expenses		<u>( 6,909)</u>	( 63,780)
Use of prepaid expenses	<u>_____ -</u>	<u>63,780</u>	<u>133,031</u>
	<u>_____ -</u>	<u>56,871</u>	<u>69,251</u>
CHANGE IN NET DEBT FOR YEAR	<u>( 4,232,652)</u>	<u>747,353</u>	<u>3,677,251</u>
NET DEBT, <i>beginning of year</i>	<u>( 4,216,345)</u>	<u>( 4,216,345)</u>	<u>( 7,893,596)</u>
NET DEBT, <i>end of year</i>	<u>\$ ( 8,448,997)</u>	<u>\$ ( 3,468,992)</u>	<u>\$ ( 4,216,345)</u>

# MANTO SIPI CREE NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 2 3	2 0 2 2
<b>CASH FLOW FROM</b>		
<i>OPERATING ACTIVITIES</i>		
Cash received from Indigenous Services Canada	\$ 33,755,084	\$ 25,271,554
Cash received from other sources	7,820,874	9,420,499
Cash paid to suppliers and employees	<u>(25,930,564)</u>	<u>(18,693,512)</u>
	<u>15,645,394</u>	<u>15,998,541</u>
<i>CAPITAL ACTIVITIES</i>		
Acquisition of tangible capital assets and construction in progress	<u>(17,951,825)</u>	<u>(12,136,299)</u>
<i>FINANCING ACTIVITIES</i>		
Repayment of long term debt	( 572,768)	( 581,698)
Advances from (to) related parties - net	<u>( 1,680)</u>	<u>4,320</u>
	<u>( 574,448)</u>	<u>( 577,378)</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	( 2,880,879)	3,284,864
CASH, <i>beginning of year</i>	<u>19,278,387</u>	<u>15,993,523</u>
CASH, <i>end of year</i>	<u>\$ 16,397,508</u>	<u>\$ 19,278,387</u>
<b>CASH COMPRISED OF</b>		
Cash	\$ 16,330,179	\$ 19,238,158
Restricted cash	<u>67,329</u>	<u>40,229</u>
	<u>\$ 16,397,508</u>	<u>\$ 19,278,387</u>

# MANTO SIPI CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

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### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared 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.

#### *REPORTING ENTITY*

The Manto Sipi Cree Nation (M.S.C.N.) reporting entity includes the Manto Sipi Cree Nation government and all related entities which are accountable to M.S.C.N. and are either owned or controlled by M.S.C.N.

These consolidated financial statements combine the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to combination:

#### M.S.C.N. Programs:

- Manto Sipi Cree Nation
- Manto Sipi Cree Nation Housing Authority
- Amos Okemow Memorial Education Authority Inc.
- Manto Sipi Cree Nation Construction Ltd.

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.

Business entities owned or controlled by M.S.C.N. but not dependent on M.S.C.N. for their continuing operations are included in the financial statements using the modified equity method. Under the modified equity method, the business entity accounting principles are not adjusted to conform to those of M.S.C.N. Thus, M.S.C.N.'s investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- God's River Development Corporation (o/a God's River Lodge)

The financial information for the God's River Development Corporation entity included in these financial statements is for the year ended October 31, 2022.

#### *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 and prepaid expenses.

#### *NET DEBT*

M.S.C.N.'s financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of M.S.C.N. is determined by its liabilities less its financial assets. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2023****1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)******TANGIBLE CAPITAL ASSETS***

Tangible capital assets include acquired, built, developed and improved 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 acquired are stated at cost, with the exception of land which is recorded at the value assigned to it under the agreement with Canada Mortgage and Housing Corporation (C.M.H.C.). Amortization of tangible capital assets is recorded on a straight line basis at the following annual rates:

Equipment	20 - 50%
Facility	2.5 - 5%
Roads	2.5%
Sewer Systems	2.5 - 6.66%
Vehicles	20 - 30%
Water Systems	2.5 - 6.66%

Amortization is computed at one-half of the annual amortization in the year of acquisition.

***INVESTMENTS***

Portfolio investments are recorded at cost, less an allowance to reflect any decline in value. M.S.C.N.'s investments in various commercial enterprises are accounted for using the modified equity method. Under the modified equity method, the cost of the investments are adjusted for M.S.C.N.'s share of the commercial enterprises' income or loss less dividends.

***SEGMENTS***

M.S.C.N. conducts its business through a number of reportable segments. These operating segments are established by management to facilitate the achievement of M.S.C.N.'s long-term objectives to aid in resource allocation decisions, and to assess operational performance.

***ASSET RETIREMENT OBLIGATION***

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 fair 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.

***REVENUErecognition***

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

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### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *INCOME TAXES*

These consolidated financial statements do not reflect any provisions for corporation income and capital taxes as the individual incorporated enterprises consider themselves exempt from tax under Section 149(1)(d) of the Income Tax Act, Canada.

#### *FINANCIAL INSTRUMENTS*

##### Measurement

The Cree 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 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.

#### *USE OF ESTIMATES*

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization is based on the estimated useful lives of tangible capital assets.

Capitalization of labour costs is based on an estimate of the proportionate share of direct labour and overhead labour.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2023****2. CHANGE IN ACCOUNTING POLICY*****ASSET RETIREMENT OBLIGATIONS***

On April 1, 2022, the Cree 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 year 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 Cree 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 Cree Nation was also required to adopt 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 presented on the statement of re-measurement gains and losses and PSAS Section (PS 1201) "Financial Statement Presentation" which requires a new statement of remeasurement gains and losses separate from the statement of operations. The adoption of these standards/amendments had no significant impact on the Cree Nation's consolidated financial statements and there are no remeasurement gains and losses, so no statement has been presented.

**3. CASH**

Cash is comprised of the following:

	<b>2 0 2 3</b>	<b>2 0 2 2</b>
Unrestricted		
Manto Sipi Cree Nation	\$ 8,735,817	\$ 7,891,252
Amos Okemow Memorial Education Authority Inc.		
Operating	5,582,944	4,955,992
School Project	840,567	1,694,194
School Project - Holdback	10,008	1,967,081
Manto Sipi Housing Authority	<u>1,160,843</u>	<u>2,729,639</u>
	<u><b>\$ 16,330,179</b></u>	<u><b>\$ 19,238,158</b></u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2023****4. RESTRICTED CASH*****REPLACEMENT RESERVE***

Under the terms of the operating agreements with C.M.H.C., the Replacement Reserve is to be credited with an annual allocation of \$59,100 (2022 - \$59,100). These funds, along with accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by C.M.H.C. from time to time. The funds in the account may only be used as approved by C.M.H.C. Expenditures are charged to accumulated interest first and then to principal. As of March 31, 2023 an accumulated balance of \$174,528 (2022 - \$132,647) for this reserve remains unfunded and due from the operating fund.

***I.S.C. TRUST***

Capital trust monies are derived from non-renewable resource transactions on the sale of lands or other band tangible capital assets. Capital trust monies are expended on the authorization of the Minister, with the consent of the First Nation Council. Revenue trust monies are generated primarily through land-leasing transactions or interest earned on deposits in the Consolidated Revenue fund of the Government of Canada. Revenue trust monies are, in most cases, managed and expended by the bands under the provisions of the Indian Act.

At the end of the year, the restricted cash consisted of the following balances:

	<b>2 0 2 3</b>	<b>2 0 2 2</b>
<b>I.S.C. Trust</b>		
BALANCE, <i>beginning of year</i>	\$ 3,341	\$ 3,278
Add interest earned	<u>104</u>	<u>63</u>
BALANCE, <i>end of year</i>	<u><u>3,445</u></u>	<u><u>3,341</u></u>
 <b>C.M.H.C. Replacement Reserve</b>		
BALANCE, <i>beginning of year</i>	36,888	56,967
Interest and net transfers	<u>26,996</u>	<u>( 20,079)</u>
BALANCE, <i>end of year</i>	<u><u>63,884</u></u>	<u><u>36,888</u></u>
 TOTAL	<u><u>\$ 67,329</u></u>	<u><u>\$ 40,229</u></u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**MARCH 31, 2023**
**5. ACCOUNTS RECEIVABLE**

	<b>2 0 2 3</b>	<b>2 0 2 2</b>
Indigenous Services Canada		
A&C Water - MSI Professional Housing Units	\$ 270,472	\$ 270,472
Band Support Funding	211,787	
Capital Investments	15,875	
COVID-19 Safe Return		8,278
Design - Construction	37,935	8,407,394
Electrical Systems		600,000
FN School Formula		58,958
Low-Cost Special Education		25,050
Tuition		24,613
Canada Mortgage and Housing Corporation	11,500	
M.K.O. Employment, Training and Child Care	100,622	15,144
Province of Manitoba	143,749	228,931
Assembly of Manitoba Chiefs - ELCC	696,478	221,607
Trade and other	<u>123,252</u>	<u>119,729</u>
	1,611,670	9,980,176
Less: Allowance for doubtful accounts	( 123,252)	( 97,839)
	<u><u>\$ 1,488,418</u></u>	<u><u>\$ 9,882,337</u></u>

**6. DUE FROM RELATED ENTITIES**

	<b>2 0 2 3</b>	<b>2 0 2 2</b>
God's River Development Corporation (o/a God's River Lodge)	<u>\$ 519,406</u>	<u>\$ 517,726</u>

The amounts due from related entities are non-interest bearing and have no set repayment terms.

**7. INVESTMENTS**

	<b>2 0 2 3</b>	<b>2 0 2 2</b>
God's River Development Corporation (o/a God's River Lodge)	<u>\$ 320,385</u>	<u>\$ 320,385</u>

**8. BANK INDEBTEDNESS**

M.S.C.N. has an operating line of credit with the Me-Dian Credit Union to a maximum of \$200,000 bearing interest at 8.15% and is secured by a general security agreement, unlimited guarantee from Manto Sipi Cree Nation with Band Council Resolution. As of March 31, 2023, the balance on this line of credit was nil (2022 - nil).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**MARCH 31, 2023**
**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2 0 2 3</b>	<b>2 0 2 2</b>
Indigenous Services Canada		
Basic Needs	\$ 45,715	\$ 45,715
Special Needs	537	537
First Nations and Inuit Health		
HCC Service delivery	39,014	
Accrued liabilities	146,611	240,787
Payroll remittances payable	467,093	177,186
School project payables	14,458	2,007,571
Trade and other	<u>2,409,800</u>	<u>3,781,136</u>
	<u><u>\$ 3,084,214</u></u>	<u><u>\$ 6,291,946</u></u>

**10. DEFERRED REVENUE**

	<b>2 0 2 3</b>	<b>2 0 2 2</b>
Indigenous Services Canada		
Adult Education	\$ 156,292	\$
Landfill Construction	2,969,094	2,937,747
School Project	870,403	10,036,734
Truck Garage	274,599	
Nursing Residence Repair Project	216,945	182,080
ISC Housing Project 2019-2020		207,715
ISC Housing Renovation	979,483	
MSI 16-unit Teacherages Project	1,578,850	1,082,052
MSI Teacherages Water Facilities	320,472	576,758
MSI Teacherages Roads and Bridges		42,715
School Backup Generator	625,935	600,000
Band Garage Remediation Project	<u>1,086,318</u>	<u>852,931</u>
Total Indigenous Services Canada	<u><u>9,078,391</u></u>	<u><u>16,518,732</u></u>
First Nations and Inuit Health		
Jordan's Principle	<u>241,722</u>	-
Other		
C.M.H.C. - 10-unit Housing Repairs	136,224	488,165
C.M.H.C. - Rapid Housing Initiative	564,626	1,729,977
A.M.C. - Early Learning & Child Care Strategy	1,013,842	533,080
K.T.C. Communicable Disease Health	2,307	2,307
M.K.O. Training, Employment & Childcare	<u>105,070</u>	<u>109,892</u>
Total other	<u><u>1,822,069</u></u>	<u><u>2,863,421</u></u>
	<u><u>\$ 11,142,182</u></u>	<u><u>\$ 19,382,153</u></u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**MARCH 31, 2023**
**11. LONG TERM DEBT**

	<b>2 0 2 3</b>	<b>2 0 2 2</b>
Demand loan payable to Kitayan Community Futures Development Corporation Inc., 7%, repayable in monthly installments of \$2,873 (P&I), due July 2021.	\$ 12,957	\$ 11,046
Demand loan payable to First Peoples Economic Growth Fund Inc., 7%, repayable in monthly installments of \$2,323 (P&I), due September 2025.	63,757	86,306
Loan payable C.M.H.C., 3.98%, repayable in monthly installments of \$11,506 (P & I), due November 2027.	1,107,912	1,207,166
Loan payable C.M.H.C., 3.04%, repayable in monthly installments of \$616 (P&I), due February 2027.	27,265	33,796
Loan payable C.M.H.C., 3.04%, repayable in monthly installments of \$11,995 (P & I), due June 2027.	1,160,295	1,269,989
Loan payable C.M.H.C., 1.87%, repayable in monthly installments of \$2,749 (P&I), due May 2024.	332,301	358,823
Loan payable C.M.H.C., 0.74%, repayable in monthly installments of \$6,027 (P&I), due February 2026.	835,766	901,651
Loan payable C.M.H.C., 3.04%, repayable in monthly installments of \$6,720 (P&I), due June 2027.	932,706	986,234
Loan payable C.M.H.C., 2.50%, repayable in monthly installments of \$5,546 (P&I), due June 2023.	836,237	881,372
Loan payable C.M.H.C., 1.22%, repayable in monthly installments of \$3,761 (P&I), due July 2026.	723,096	759,184
Loan payable C.M.H.C., 2.14%, repayable in monthly installments of \$4,250 (P&I), due March 2024.	862,951	895,193
Loan payable C.M.H.C., 0.8%, repayable in monthly installments of \$3,302 (P&I), due May 2025.	635,341	669,735
C.M.H.C. mortgage advances to be converted to long term debt upon completion of Phase 13, 3 unit housing project.	431,703	431,703
Demand loan payable to First People Economic Growth Fund Inc. 0%, repayable in monthly installments of \$3,571 (P&I).	<u>6,026</u>	<u>48,883</u>
	<u><b>\$ 7,968,313</b></u>	<u><b>\$ 8,541,081</b></u>

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

Loans payable to Me-Dian Credit Union are secured by a general security agreement, the specific assets financed and various Band Council Resolutions authorizing the assignment of certain incoming funding for debt repayment purposes.

Loans payable to Kitayan Community Futures Development Corporation Inc. are secured by a general security agreement on the specific assets financed.

**11. LONG TERM DEBT *(continued)***

The estimated annual principal payments required in each of the next five years to meet retirement provisions is estimated to be as follows:

March 31, 2024	\$ 984,009
2025	547,794
2026	548,625
2027	547,872
2028	554,880

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

MARCH 31, 2023

**12. TANGIBLE CAPITAL ASSETS**

	Cost				Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Disposals, Write-offs & Adjustments	Closing Balance	Opening Balance	Amortization	Closing Balance	Total	Total
								2023	2022
Equipment	\$ 1,533,949	\$ 386,234	\$	\$ 1,920,183	\$ 1,241,472	\$ 136,333	\$ 1,377,805	\$ 542,378	\$ 292,477
Facilities	84,912,091	9,193,363		94,105,454	25,967,372	1,656,011	27,623,383	66,482,071	58,944,719
Land	220,000			220,000				220,000	220,000
Roads	1,921,966		2,347,028	4,268,994	1,499,010	72,699	1,571,709	2,697,285	422,956
Sewer									
systems	12,523,753			12,523,753	4,880,953	459,060	5,340,013	7,183,740	7,642,800
Vehicles	5,608,549	912,268		6,520,817	4,153,064	707,531	4,860,595	1,660,222	1,455,485
Water									
systems	14,181,091	—	675,600	14,856,691	6,192,398	495,166	6,687,564	8,169,127	7,988,693
	<u>\$120,901,399</u>	<u>\$ 10,491,865</u>	<u>\$ 3,022,628</u>	<u>\$134,415,892</u>	<u>\$ 43,934,269</u>	<u>\$ 3,526,800</u>	<u>\$ 47,461,069</u>	<u>\$ 86,954,823</u>	<u>\$ 76,967,130</u>

**13. CONSTRUCTION IN PROGRESS**

	2023	2022
I.S.C. - Landfill	\$ 6,186,495	\$ 3,274,826
I.S.C. - New Housing 2019-2020	1,964,026	1,727,555
I.S.C. - New Housing 2020-2021	1,353,703	1,244,513
I.S.C. - School Backup Generator Project	974,265	
I.S.C. - 16-unit Teacherages Project	2,036,035	1,646,598
I.S.C. - Teacherages Water and Sewer Facilities		758,465
I.S.C. - Teacherages Access Roads and Driveways		1,965,162
F.N.I.H. - Jordan's Principle Building	1,094,233	1,038,515
C.M.H.C. Housing	4,753,188	3,281,538
MSCN Hockey Rink Project	1,914,859	902,300
	<u>\$ 20,276,804</u>	<u>\$ 15,839,472</u>

Construction in progress will be transferred to tangible capital assets upon completion and will be amortized accordingly.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****14. CONTINGENT LIABILITIES**

- (a) M.S.C.N. receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses to the various programs. In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their agreements. At this time no estimate of the requirements, if any, to reimburse the agencies can be made. For accounting purposes any amounts assessed or claims paid will be accounted for in the year of determination.
- (b) M.S.C.N. is contingently liable as guarantor of loans for Gods River Economic Development Corp. in the aggregate amount of \$180,704 (2022 - \$287,209).
- (c) M.S.C.N. has Social Hydro accounts in arrears in the amount of \$898,154 as of June 2, 2023. M.S.C.N. agreed to pay Manitoba Hydro 60 equal monthly payments of \$14,970 starting July 1, 2023 with the final payment of \$14,924 on June 1, 2028. Interest charges will not be billed if all monthly payments are made on schedule and current billed accounts are paid as due. The potential interest write-off is \$342,218.

**15. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE**

	2 0 2 3	2 0 2 2
Agreement:	\$ 29,148,211	\$ 37,984,976
Plus: I.S.C revenue deferred from prior year	16,518,732	7,894,729
F.N.I.H. revenue deferred from prior year	103,254	
Less: I.S.C. revenue deferred to following year	( 9,078,391)	(16,518,732)
F.N.I.H. revenue deferred to following year	( 241,722)	-
<b>TOTAL I.S.C. AND F.N.I.H. REVENUE PER FINANCIAL STATEMENTS</b>	<b><u>\$ 36,346,830</u></b>	<b><u>\$ 29,464,227</u></b>

**REVENUE PER STATEMENT OF OPERATIONS (*Statement 2*)**

Indigenous Services Canada	\$ 33,773,331	\$ 26,448,503
First Nations and Inuit Health	<u>2,573,499</u>	<u>3,015,724</u>
	<b><u>\$ 36,346,830</u></b>	<b><u>\$ 29,464,227</u></b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2023****16. EXPENSES BY OBJECT**

The following is a summary of expenses by object:

	<b>2 0 2 3</b>	<b>2 0 2 2</b>
Administration	\$ 1,847,163	\$ 1,730,560
Amortization of capital assets	3,526,800	2,966,907
Capital asset acquisition		9,250
Community events and program activities	260,139	257,141
Donations	1,463,544	698,810
Equipment	66,054	
Fuel and oil	219,532	84,703
Insurance	786,113	687,500
Interest	173,376	139,215
Office and overhead	192,567	168,293
Other	1,358,049	703,136
Professional fees	1,031,012	937,715
Repairs and maintenance	1,082,577	973,574
Salaries and benefits	7,741,699	7,401,927
Social assistance	3,966,660	3,301,147
Student support	833,940	585,544
Supplies	2,564,143	1,553,426
Training	322,814	26,855
Travel	735,302	366,405
Utilities	316,289	242,583
Eliminations	( 2,181,270)	( 1,776,276)
	<b>\$ 26,306,503</b>	<b>\$ 21,058,415</b>

**17. ECONOMIC DEPENDENCE**

M.S.C.N. receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada and Health Canada.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

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### 18. FINANCIAL INSTRUMENTS

The Cree Nation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Cree Nation is not exposed to significant liquidity, interest, foreign currency, equity price or credit risks arising from these financial instruments, except as otherwise disclosed.

The risks associated with MSCN's financial instruments are as follows:

#### **Liquidity risk related to financial instruments**

Liquidity risk is the risk that Manto Sipi Cree Nation will not be able to provide for sufficient cash and cash equivalents to meet its financial obligations when they come due. Manto Sipi Cree Nation meets its liquidity requirements by preparing cash flows from operations, anticipating investing and financing activities. As at year end March 31, 2023, Manto Sipi Cree Nation has sufficient assets from cash and accounts receivable to cover the total outstanding accounts payable and deferred revenue balances. In addition, Manto Sipi Cree Nation has credit facilities to meet temporary fluctuations in cash requirements. The line of credit facility available at March 31, 2023 was \$200,000 (2022 - \$200,000).

MSCN's liquidity position and its management of liquidity and funding risk have not changed materially since March 31, 2022.

#### **Credit risk related to financial instruments**

Manto Sipi Cree Nation is exposed to credit risk from the possibility that parties may default on their financial obligations, or if the government fails to meet its obligations in accordance with agreed terms. MSCN considers a financial asset in default when internal or external information indicates that it is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The credit risk associated with balances outstanding is minimized as the larger part of the balances would be from Provincial and Federal government funding. Security arrangements to secure funding are also arranged through multi year agreements between the government and Manto Sipi Cree Nation. The maximum exposure to credit risk is represented by the carrying value of financial assets in the balance sheet.

#### **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. MSCN's exposure to rate risk primarily stems from holdings of debt instruments with a variable rate component.

In seeking to minimize the risks from interest rate fluctuations, the Cree Nation manages exposure through obtaining debt with fixed interest rates.

### 19. COMPARATIVE FIGURES

Certain prior year's comparative amounts have been reclassified where necessary to conform to the presentation adopted for the current year.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2023**

### 20. SEGMENT DISCLOSURE

Manto Sipi Cree Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The segment results for the year are as follows:

	Governance and Administration		Economic Development		Community Services		Capital and Construction	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Revenues</b>								
Federal Government								
ISC	\$ 1,081,039	\$ 1,926,174	\$ 206,732	\$ 377,543	\$ 2,523,558	\$ 1,617,561	\$ 5,547,503	\$ 3,153,491
FNIH								
CMHC							1,587,487	1,148,115
ESDC								
Subtotal	1,081,039	1,926,174	206,732	377,543	2,523,558	1,617,561	7,134,990	4,301,606
Other revenue	2,832,396	2,578,743	1,045,344	184,221	18,141	20,311	422,944	400,807
<b>Total revenue</b>	<b>3,913,435</b>	<b>4,504,917</b>	<b>1,252,076</b>	<b>561,764</b>	<b>2,541,699</b>	<b>1,637,872</b>	<b>7,557,934</b>	<b>4,702,413</b>
<b>Expenditures</b>								
Amortization							1,955,132	1,869,310
Debt servicing	5,718	4,445	5,406	6,880	159	135	270	231
Other	1,124,086	883,148	246,067	828,617	1,583,615	756,067	1,757,009	753,305
Salaries and benefits	1,001,458	678,088	8,536	12,000	760,651	641,119	272,396	345,986
<b>Total expenses</b>	<b>2,131,262</b>	<b>1,565,681</b>	<b>260,009</b>	<b>847,497</b>	<b>2,344,425</b>	<b>1,397,321</b>	<b>3,984,807</b>	<b>2,968,832</b>
<b>Surplus (Deficit)</b>	<b>\$ 1,782,173</b>	<b>\$ 2,939,236</b>	<b>\$ 992,067</b>	<b>\$( 285,733)</b>	<b>\$ 197,274</b>	<b>\$ 240,551</b>	<b>\$ 3,573,127</b>	<b>\$ 1,733,581</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2023**

### 20. SEGMENT DISCLOSURE (continued)

	Social Services		Training and Employment		Health		Child Care	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Revenues</b>								
Federal Government								
ISC	\$ 4,491,474	\$ 4,038,167	\$ 135,141	\$ 330,524	\$ 2,277,940	\$ 914,433	\$	\$ 18,277
FNIH					2,573,499	3,015,724		
CMHC								
ESDC	<u>-</u>	<u>-</u>	<u>161,088</u>	<u>162,848</u>	<u>-</u>	<u>-</u>	<u>102,438</u>	<u>71,474</u>
Subtotal	<u>4,491,474</u>	<u>4,038,167</u>	<u>296,229</u>	<u>493,372</u>	<u>4,851,439</u>	<u>3,930,157</u>	<u>102,438</u>	<u>89,751</u>
Other revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,120</u>	<u>-</u>	<u>5,892</u>	<u>-</u>
<b>Total revenue</b>	<b><u>4,491,474</u></b>	<b><u>4,038,167</u></b>	<b><u>296,229</u></b>	<b><u>493,372</u></b>	<b><u>4,853,559</u></b>	<b><u>3,930,157</u></b>	<b><u>108,330</u></b>	<b><u>89,751</u></b>
<b>Expenses</b>								
Debt servicing	173	187			66	70		
Other	4,557,346	3,324,852	223,708	327,302	3,300,761	2,196,316	48,486	40,710
Salaries and benefits	<u>88,921</u>	<u>116,748</u>	<u>134,811</u>	<u>96,577</u>	<u>1,404,590</u>	<u>2,317,788</u>	<u>59,846</u>	<u>49,043</u>
<b>Total expenses</b>	<b><u>4,646,440</u></b>	<b><u>3,441,787</u></b>	<b><u>358,519</u></b>	<b><u>423,879</u></b>	<b><u>4,705,417</u></b>	<b><u>4,514,174</u></b>	<b><u>108,332</u></b>	<b><u>89,753</u></b>
<b>Surplus (Deficit)</b>	<b><u>\$( 154,966)</u></b>	<b><u>\$ 596,380</u></b>	<b><u>\$( 62,290)</u></b>	<b><u>\$ 69,493</u></b>	<b><u>\$ 148,142</u></b>	<b><u>\$( 584,017)</u></b>	<b><u>\$( 2)</u></b>	<b><u>\$( 2)</u></b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2023**

### 20. SEGMENT DISCLOSURE (continued)

	Education		Housing		Eliminations		TOTAL	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Revenues</b>								
Federal Government								
ISC	\$ 17,509,944	\$ 14,072,333	\$	\$	\$	\$	\$ 33,773,331	\$ 26,448,503
FNIH							2,573,499	3,015,724
CMHC			655,389	1,149,281			2,242,876	2,297,396
ESDC	—	—	—	—	—	—	263,526	234,322
Subtotal	17,509,944	14,072,333	655,389	1,149,281			38,853,232	31,995,945
Other revenue	105,297	123,992	317,914	308,064	( 2,181,270)	( 1,776,276)	2,568,778	1,839,862
<b>Total revenue</b>	<b>17,615,241</b>	<b>14,196,325</b>	<b>973,303</b>	<b>1,457,345</b>	<b>( 2,181,270)</b>	<b>( 1,776,276)</b>	<b>41,422,010</b>	<b>33,835,807</b>
<b>Expenses</b>								
Amortization	1,062,394	579,784	509,274	517,813			3,526,800	2,966,907
Debt servicing	2,080	1,622	159,504	125,645			173,376	139,215
Other	3,873,061	2,363,101	331,759	853,224	( 2,181,270)	( 1,776,276)	14,864,628	10,550,366
Salaries and benefits	4,010,490	3,144,578	—	—	—	—	7,741,699	7,401,927
<b>Total expenses</b>	<b>8,948,025</b>	<b>6,089,085</b>	<b>1,000,537</b>	<b>1,496,682</b>	<b>( 2,181,270)</b>	<b>( 1,776,276)</b>	<b>26,306,503</b>	<b>21,058,415</b>
<b>Surplus (Deficit)</b>	<b>\$ 8,667,216</b>	<b>\$ 8,107,240</b>	<b>\$ ( 27,234)</b>	<b>\$ ( 39,337)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 15,115,507</b>	<b>\$ 12,777,392</b>