

Chemawawin Cree Nation
Consolidated Financial Statements
March 31, 2023

Chemawawin Cree Nation
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For the year ended March 31, 2023

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Management's Responsibility

To the Members of Chemawawin Cree Nation

The accompanying consolidated financial statements of Chemawawin Cree Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Chemawawin Cree Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.



Chief Clarence Easter



Chief Financial Officer

Independent Auditor's Report

To the Members of Chemawawin Cree Nation:

Opinion

We have audited the consolidated financial statements of Chemawawin Cree 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 operating surplus, remeasurement gains and losses, changes in net financial assets 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 the First Nation as at March 31, 2023, and the results of its operations, its remeasurement gains and losses and its 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 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 the 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 First Nation 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.

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.

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- 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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Swan River, Manitoba

December 12, 2023

MNP LLP

Chartered Professional Accountants


Chemawawin Cree Nation

Consolidated Statement of Financial Position

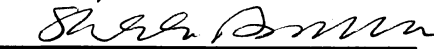
As at March 31, 2023

	2023	2022
Financial assets		
Cash and cash equivalents (Note 4)	20,865,576	15,087,717
Restricted cash (Note 5)	3,863,543	3,347,026
Accounts receivable (Note 6)	1,625,032	1,502,213
Investments (Note 7), (Note 16), (Note 17)	14,468,626	14,272,920
Inventory for resale	7,521	3,126
Investments in Nation partnerships (Note 8)	115,656	152,984
Funds held in trust (Note 9)	14	26,050
	40,945,968	34,392,036
Liabilities		
Accounts payable and accruals (Note 10)	3,180,236	3,688,453
Deferred revenue (Note 11)	8,217,907	2,872,746
Long-term debt (Note 12)	10,006,603	11,111,239
Capital lease obligations (Note 13)	-	31,838
	21,404,746	17,704,276
Net financial assets	19,541,222	16,687,760
Contingencies (Note 21)		
Significant event (Note 29)		
Non-financial assets		
Tangible capital assets (Note 14) (Schedule 1)	54,429,339	56,174,140
Prepaid expenses	195,622	165,913
Other (Note 15)	334,332	203,372
Total non-financial assets	54,959,293	56,543,425
Accumulated surplus	74,500,515	73,231,185
Accumulated surplus is comprised of:		
Accumulated surplus	72,819,615	71,658,537
Accumulated remeasurement gains	1,680,900	1,572,648
	74,500,515	73,231,185


Approved on behalf of the First Nation



Chief



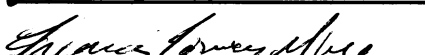
Councillor




Councillor



Councillor



Councillor



Councillor

Chemawawin Cree Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2023

	2023 Budget	2023	2022
Revenue			
Indigenous Services Canada (Note 20)	13,236,805	27,981,412	22,952,669
Indigenous Services Canada - Health (Note 20)	4,114,127	4,544,232	6,243,004
Canada Mortgage and Housing Corporation (Note 20)	636,660	638,691	636,785
Other revenue (including change in deferred revenue)	4,140,290	(4,865,911)	518,559
Human Resources and Skills Development Canada (Note 20)	504,318	388,436	391,504
Gaming Revenues	516,000	475,114	277,421
Investment income	498,900	653,400	1,840,219
Manitoba Hydro (excludes unreceived annual funding) (Note 22)	2,051,153	1,860,504	1,787,228
Rental and user fees	961,610	1,424,138	1,525,726
Province of Manitoba (Note 20)	348,850	278,715	375,448
Frontier School Division	76,000	-	202,944
Interest income	1,020	17,213	16,178
Earnings (loss) from investment in Nation partnerships	-	(37,328)	(198,295)
	27,085,733	33,358,616	36,569,390
Expenses			
Band Operations	14,029,399	17,153,168	15,272,066
CCN School Inc.	9,158,682	6,987,461	5,881,212
Chemawawin Health Authority	4,096,127	4,240,571	3,491,574
Chemawawin Economic Development Inc.	-	1,909,556	1,598,161
Chemawawin Housing Authority	1,860,988	711,140	704,329
Chemawawin Gaming Commission	755,846	707,215	369,182
Chemawawin Development Trust	613,700	140,373	136,515
CCN Communications	-	132,106	131,977
10120189 MB Ltd.	-	42,300	11,761
Chemawawin Otineka Business Corporation	-	15,286	35,546
4216083 MB Ltd.	-	10,255	11,262
Chemawawin Resource Trust	-	10,089	2,780
Chemawawin Service Centre	-	4,972	5,720
	30,514,742	32,064,492	27,652,085
Surplus (deficit) before other items	(3,429,009)	1,294,124	8,917,305
Other income (expense)			
Gain (loss) on disposal of capital assets	-	(133,046)	(296,108)
Gain (loss) on settlement of debt	-	-	(355,096)
	-	(133,046)	(651,204)
Surplus (deficit)	(3,429,009)	1,161,078	8,266,101
Accumulated surplus, beginning of year	71,330,536	71,658,537	63,392,436
Accumulated surplus, end of year	67,901,527	72,819,615	71,658,537

The accompanying notes are an integral part of these financial statements

Chemawawin Cree Nation

Consolidated Statement of Remeasurement Gains and Losses

For the year ended March 31, 2023

	2023	2022
Accumulated remeasurement gains, beginning of year	1,572,648	2,550,830
Unrealized gains (losses) attributable to:		
Change in the fair market value of investments, current year	108,252	(978,182)
Accumulated remeasurement gains, end of year	1,680,900	1,572,648

Chemawawin Cree Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2023

	2023 Budget	2023	2022
Annual surplus	(3,429,009)	1,161,078	8,266,101
Purchases of tangible capital assets	-	(1,397,306)	(7,939,831)
Amortization of tangible capital assets and other assets	1,910,600	3,039,101	2,796,210
Loss on disposal of tangible capital assets	-	133,046	296,108
Acquisition of prepaid expenses	-	(29,709)	(28,139)
Change in remeasurement gains (losses) for the year	-	108,252	(978,181)
Purchase of other assets	-	(161,000)	-
Increase (decrease) in net financial assets	(1,518,409)	2,853,462	2,412,268
Net financial assets, beginning of year	16,687,760	16,687,760	14,275,492
Net financial assets, end of year	15,169,351	19,541,222	16,687,760

The accompanying notes are an integral part of these financial statements

Chemawawin Cree Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	1,161,078	8,266,101
Non-cash items		
Amortization	3,039,101	2,796,210
Loss on disposal of capital assets	133,046	296,108
Loss from investment in Nation partnerships	37,328	198,295
Changes in working capital accounts		
Accounts receivable	(122,819)	(81,517)
Prepaid expenses	(29,709)	(28,139)
Accounts payable and accruals	(508,217)	2,468,333
Deferred revenue	5,345,161	54,294
Inventory for resale	(4,395)	-
	9,050,574	13,969,685
Financing activities		
Advances of long-term debt	161,000	-
Repayment of long-term debt	(1,265,636)	(1,309,169)
Repayment of capital lease obligations	(31,838)	(95,141)
	(1,136,474)	(1,404,310)
Capital activities		
Purchases of tangible capital assets	(1,397,306)	(7,939,831)
Purchase of other assets	(161,000)	-
	(1,558,306)	(7,939,831)
Investing activities		
Purchase of investments (cost)	(87,454)	(849,936)
Increase in cash resources	6,268,340	3,775,608
Cash resources, beginning of year	18,460,793	14,685,185
Cash resources, end of year	24,729,133	18,460,793
Cash resources are composed of:		
Cash and cash equivalents total (Note 4)	20,865,576	15,087,717
Restricted cash (Note 5)	3,863,543	3,347,026
Cash held in trust	14	26,050
	24,729,133	18,460,793

The accompanying notes are an integral part of these financial statements

1. Operations

The Chemawawin Cree Nation (the "First Nation") is located in the province of Manitoba, and provides various services to its members. Chemawawin Cree Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Change in accounting policies

Effective April 1, 2022, the First Nation adopted the recommendations relating to Asset Retirement Obligations as set out in the Canadian public sector accounting standards.

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 the 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.

There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

3. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Reporting entity consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities and partnerships.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Chemawawin Cree Nation
- Chemawawin Cree Nation Development Trust Fund
- Chemawawin Resource Trust
- Chemawawin Gaming Commission
- CCN School
- Chemawawin Housing Authority
- Chemawawin Service Centre
- Chemawawin Health Authority
- Chemawawin Economic Development (o/a Cedar Lake Community Project)
- Chemawawin Otineka Business Corporation o/a Atawekamik
- 4216083 Manitoba Ltd.
- CCN Communications
- 10120189 Manitoba Ltd.

The assets and liabilities of other inactive entities, wholly owned by the First Nation, have also been included in the consolidated financial statements. All inter-entity balances and transactions have been eliminated on consolidation.

3. Significant accounting policies *(Continued from previous page)*

Investments in First Nation partnerships are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity's accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation'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:

- Aseneskak Casino Limited Partnership
- Aseneskak Company Inc.
- CCN-Arnason Industries Ltd. Joint Venture
- Nekote Limited Partnership
- Nekote General Partner Inc.
- Mahihkan Bus Lines Limited Partnership
- Mahihkan Bus Lines General Partner Inc.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Financial instruments

The First Nation has classified the following financial assets in the amortized cost category: cash and cash equivalents, restricted cash, accounts receivable and funds held in trust. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Cash and cash equivalents, restricted cash, accounts receivable and funds held in trust are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal payments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability.

The First Nation has classified the following liabilities in the amortized cost category: accounts payable and accruals, capital lease obligations, and long-term debt. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Accounts payable and accruals, long-term debt, and capital lease obligations are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to their net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year.

3. Significant accounting policies *(Continued from previous page)*

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. 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. With the exception of 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 (deficit). 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/customer/member has experienced continued losses for a period of years, recent collection experience for the receivable, etc. 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.

Fair value measurements

The First Nation has classified investments in the fair value category. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Investments are subsequently measured at their fair value. Investments in equity instruments that do not have quoted market prices in an active market are measured at fair value using alternative means of estimation. Gains and losses arising from changes in fair value, except for impairment losses and foreign exchange translation adjustments, are recognized in the statement of remeasurement gains and losses as a remeasurement gain or loss, until the financial asset is sold or otherwise derecognized. Upon derecognition, the cumulative gain or loss previously recognized in the statement of remeasurement gains or losses is transferred to the consolidated statement of operation.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Restricted financial assets

Restricted financial assets consist of cash held by the Chemawawin Development Trust and the Chemawawin Resource Trust. These monies can only be used for permitted uses, as defined by the trust agreements. See notes 16 and 17.

Restricted financial assets also includes funds restricted as the CMHC replacement reserve account. In accordance with the terms of the agreements with CMHC, the First Nation has established a replacement reserve, with an annual allocation of an amount specified through the agreement with CMHC. The replacement reserve is a component of accumulated surplus and is funded by an annual charge against earnings and interest revenue. Qualifying asset replacements are charged against the replacement reserve.

The replacement reserve must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal. See note 19.

3. Significant accounting policies *(Continued from previous page)*

Inventory

Inventory of supplies and goods available for resale are recorded at the lower of cost and net realizable value. Cost is determined by the weighted average method. Cost of inventories of items that are segregated for specific projects is assigned by using specific identification of their individual costs. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives (amortization is recorded at one-half the normal rate in the year of acquisition):

	<i>Method</i>	<i>Rate</i>
Buildings	declining balance	4% - 10%
Infrastructure	declining balance	4%
General	declining balance	10%
Boats	declining balance	15%
Equipment	declining balance	20%
Automotive	declining balance	30%
Computers	declining balance	30% - 100%
Incorporation Costs	straight-line	10 years
Data communications equipment	straight-line	25 years

Long-term debt and capital lease obligations

Long-term financing received to fund tangible capital asset purchases is recognized in the period the financing is acquired and recorded as an increase in long-term debt.

Repayments of long-term financing are recognized as a decrease in long-term debt.

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at an amount equal to the present value of the minimum lease payments. A leased tangible capital asset would be amortized over the period of expected use of the asset, on a basis that is consistent with the government's amortization policy for other similar tangible capital assets. If the lease contains terms that allow ownership to pass to the government or a bargain purchase option, the period of amortization would be the economic life of the property. Otherwise the property would be amortized over the lease term. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in the contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the agreement is dependent on the use of the specific tangible assets; or
- there is a substantial physical change to the specified tangible asset.

3. Significant accounting policies *(Continued from previous page)*

Funds held in trust

Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated operating surplus. Trust monies (if any) consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Other funds held in trust

Other funds held in trust include funds on retainer with the First Nation's legal counsel. These funds are retained in Trust as needed to cover contractual obligations as they arise and cover legal expenses incurred by the First Nation.

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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, other assets and prepaid expenses.

Long-lived assets and discontinued operations

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

Net financial assets (net debt)

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 financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Revenue recognition

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

3. Significant accounting policies *(Continued from previous page)*

Rental and other revenue

Other revenues are earned from other services provided by the First Nation and are recognized at their fair value when the service has been provided.

Retail sales are recognized when the sale is made and the customer takes possession of the merchandise.

Rent is recorded in the year it is earned. At the end of each year, management evaluates the extent of the collectability of its rent revenue and records a bad debt expense and an allowance for doubtful accounts designated as unlikely to be collected.

Gaming revenue

The First Nation recognizes Video Lottery Terminals (VLT) revenue as the net win from gaming activities (the difference between gaming wins and gaming losses), consisting of slot machines, on a daily basis. Gaming revenue is gross of commissions paid to Manitoba Liquor and Lotteries which management believes is the most appropriate presentation of gaming revenue on the financial statements.

Insurance proceeds

Due to the inability to reasonably ascertain the proceeds ultimately receivable related to housing units damaged/destroyed, these proceeds are recognized only when the amounts have been confirmed through the actual receipts of funds.

Investment income

The First Nation earns investment income, including interest and dividend income related to its investment portfolio managed by Beutel, Goodman & Company Ltd. (i.e. The Chemawawin Development Trust) as well as investments held in the Chemawawin Resource Trust. These revenues are recorded on an accrual basis when earned (interest) or declared as payable (dividends).

Provision for site rehabilitation

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive landfill sites, as well as other contaminated sites such as under-ground fuel tanks, sewage lagoons and burnt homes. Under environmental law, there is a requirement for closure and post-closure care of contaminated sites. For landfills, a liability is recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure care is recognized as the site capacity is used and is equal to a proportion of the estimated total expenditure required for closure and post-closure care. The estimated total expenditure represents the sum of discounted future cash flows associated with closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future revenue generation, are expensed in the current year.

No liability has been recorded as of March 31, 2023 as funding from government agencies will offset any costs associated with the closure of landfill sites or the remediation of other contaminated sites.

Employee future benefits

The First Nation's employee future benefit programs consist of defined contribution pension plans. The First Nation's contributions to the defined contribution plans are expensed as incurred.

Segments

The First Nation conducts its business through 13 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

- ***Administration and Other Operations*** - activities include the governance function relating to decisions that define expectations, grant power or verify performance consisting of decision-making and leadership processes.

3. Significant accounting policies *(Continued from previous page)*

- *CCN School* - education service activities include overseeing many aspects of educational opportunities for its members at all levels of learning, operations and maintenance of all school facilities and the provision of transportation services for the students.
- *Chemawawin Housing Authority* - activities include the development and maintenance of the community's CMHC-financed buildings and houses.
- *Chemawawin Health Authority* - activities include the delivery of community-based health promotion and disease prevention programs, primary home and community care services, programs to control communicable diseases and address environmental issues and non-insured health benefits.
- *Chemawawin Economic Development (o/a Cedar Lake Community Project)* - activities include the maintenance of the Cedar Lake Shoreline and surrounding area.
- *Chemawawin Otineka Business Corporation* - real estate holdings leased out to a third party for a monthly flat rate.
- *CCN Communications, Chemawawin Service Centre, 4216083 MB Ltd. and 10120189 MB Ltd.* - activities include real estate and infrastructure holdings and development, as well as administration of communication networks within the community.
- *Chemawawin Development Trust and Chemawawin Resource Trust* - trust operation activities include the management of funds in accordance with the terms of the Trust agreements the First Nation has in place.
- *Chemawawin Gaming Commission* - activities include providing a form of gaming entertainment for community members which generates revenue for discretionary needs of the community members.

These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance. The Nation has other reporting segments, which are largely inactive as at March 31, 2023, including Chemawawin Education Authority and Chemawawin Development Corporation.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 3 *Significant accounting policies*.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

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. Payables to funding agencies are based on anticipated repayment requirements; however actual repayments will be determined upon the funding agencies review of financial statements. Asset retirement obligations related to structures/sites that may require remediation are reviewed for consideration of potential liabilities. These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the operations in the periods in which they become known.

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

4. Cash and cash equivalents

	2023	2022
Chemawawin Cree Nation	14,494,826	8,557,349
Chemawawin Gaming Commission	153,928	346,806
CCN School	270,669	282,903
Chemawawin Housing Authority	461,269	364,711
Chemawawin Health Authority	5,009,733	4,664,518
Chemawawin Economic Development Inc.	61,524	456,818
Chemawawin Otineka Business Corporation	258,723	266,740
CCN Communications	154,904	147,872
	20,865,576	15,087,717

5. Restricted cash

	2023	2022
Chemawawin Development Trust	836,648	973,054
Chemawawin Resource Trust	61,050	49,202
Chemawawin Housing Authority - Replacement Reserve (note 19)	2,965,845	2,324,770
	3,863,543	3,347,026

6. Accounts receivable

	2023	2022
Assembly of Manitoba Chiefs	287,297	287,297
Canadian Mortgage and Housing Corporation (CMHC)	53,305	53,109
First Peoples Development Inc.	23,750	63,012
Frontier School Division	198,618	198,618
Indigenous Services Canada	87,745	87,745
Members	1,280,727	1,244,656
Northern Regional Health Authority	458,458	395,941
Province of Manitoba	40,440	69,985
Receiver General of Canada	38,051	39,715
Trade	556,583	364,168
	3,024,974	2,804,246
Less: Allowance for doubtful accounts	1,399,942	1,302,033
	1,625,032	1,502,213

Accounts receivable from Indigenous Services Canada pertained to the following programs:

Q34W - Water infrastructure	\$ 3,493
Q3FS - Fire Smart	84,252
Total	\$ 87,745

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

7. Investments

	2023 <i>At Fair Market Value</i>	<i>2022</i> <i>At Fair Market Value</i>
Fixed income investments	3,310,759	3,284,175
Equities	7,760,743	7,772,183
Mutual funds	2,920,124	2,739,562
Guaranteed investment certificates (GIC)	477,000	477,000
	14,468,626	14,272,920

The cost of the mutual funds, equities, fixed income and GIC investments at March 31, 2023 totalled \$12,787,725 (2022 - \$12,700,269).

The guaranteed investment certificates bear interest ranging from 2.66% to 4.60% annually for five year terms, maturing January 2023 to November 2024.

The fixed income investments include provincial government and corporate bonds, which have various interest rates and maturity dates, ranging from 0.75% to 4.95% and Jan 2024 to June 2052, respectively.

8. Investments in First Nation partnerships and joint ventures

The First Nation has investments in partnerships and joint ventures, as listed in the table below. During the year, Chemawawin Cree Nation's allocation of profit (loss) from these partnerships resulted in a net loss of \$37,328 (2022 - loss of \$198,295).

	<i>Investment cost</i>	<i>Cumulative share of earnings (loss)</i>	<i>Cumulative distributions</i>	2023 <i>Total investment</i>
Business Partnerships – Modified Equity:				
Aseneskak Casino Limited Partnership - 14.29%	385,000	1,561,133	(1,399,671)	546,462
Aseneskak Company Inc. - 14.29%	101	-	-	101
CCN-Arnason Industries Ltd. Joint Venture - 51%	-	140,428	(140,428)	-
Nekote Limited Partnership - 14.29%	-	(2,635)	-	(2,635)
Mahihkan Bus Lines Limited Partnership - 16.67%	-	(428,282)	-	(428,282)
Mahihkan Bus Lines General Partner Inc. - 16.67%	10	-	-	10
	385,111	1,270,644	(1,540,099)	115,656

	<i>Investment cost</i>	<i>Cumulative share of earnings (loss)</i>	<i>Cumulative dividends paid</i>	<i>2022</i> <i>Total investment</i>
Business Partnerships – Modified Equity:				
Aseneskak Casino Limited Partnership - 14.29%	385,000	1,513,965	(1,399,671)	499,294
Aseneskak Company Inc. - 14.29%	101	-	-	101
CCN-Arnason Industries Ltd. Joint Venture - 51%	-	140,428	(140,428)	-
Nekote Limited Partnership - 14.29%	-	(2,635)	-	(2,635)
Mahihkan Bus Lines Limited Partnership - 16.67%	-	(343,786)	-	(343,786)
Mahihkan Bus Lines General Partner Inc. - 16.67%	10	-	-	10
	385,111	1,307,972	(1,540,099)	152,984

8. Investments in First Nation partnerships and joint ventures *(Continued from previous page)*

Aseneskak Casino Limited Partnership - the First Nation owns one unit which represents a 14.29% (2022 - 14.29%) ownership interest. The partnership was established in 2000 with the purpose of developing a First Nation Casino on the Opaskwayak Cree Nation Reserve, in Manitoba, licensed by the Manitoba Gaming Control Commission.

Aseneskak Company Inc. - the First Nation owns 1,000 common shares which represents a 14.29% (2022 - 14.29%) ownership interest. The corporation was organized on January 5, 2001, for the sole undertaking of acting as the general partner of the Aseneskak Casino Limited Partnership.

CCN-Arnason Industries Ltd. Joint Venture - The First Nation has a 51% stake in this joint venture. The joint venture was formed on October 26, 2017 for the purpose of construction and developing the Manitoba Hydro Causeway/Old Post Project and Brush Clearing. This project was completed prior to March 31, 2018. There was limited activity under this joint venture during the year-ended March 31, 2023.

Nekote Limited Partnership - The First Nation owns units representing 14.29% ownership interest. The partnership was formed on June 1, 2017 with the purpose of developing and maintaining sound forest management practices and to maximize economic opportunities and benefits for its First Nation partners' through strategic partnerships with companies operating in the forestry industry in Northern Manitoba.

Nekote General Partner Inc. - the First Nation owns common shares representing 14.29% ownership interest. The corporation was organized on June 13, 2017, for the sole undertaking of acting as the general partner of the Nekote Limited Partnership.

Mahihkan Bus Lines Limited Partnership - the First Nation owns one unit which represents a 16.67% ownership interest. The partnership was established in 2018 with the purpose of developing and operating a First Nations tour and bus line business. This partnership's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining financing or maintaining continued support from its partners and creditors and generating profitable operations in the future. As a result, a material uncertainty about the partnerships ability to continue as a going concern was noted in audited financial statements for the year-ended March 31, 2023 for Mahihkan Bus Lines LP.

Mahihkan Bus Lines General Partner Inc. - the First Nation owns 1,000 common shares which represents a 16.67% ownership interest. The corporation was organized on October 23, 2018, for the sole undertaking of acting as the general partner of the Mahihkan Bus Lines Limited Partnership.

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

8. Investments in First Nation partnerships and joint ventures *(Continued from previous page)*

Summary financial information for each business partnership, accounted for using the modified equity method, for their respective year-end is included in the table below. The financial results for Nekote Limited Partnership were not available at the time of financial statement presentation. Therefore, the results at March 31, 2022 are presented below.

	<i>Aseneskak Casino LP As at March 31, 2023</i>	<i>Nekote Limited Partnership As at March 31, 2022</i>	<i>Mahihkan Bus Lines LP As at March 31, 2023</i>
Assets			
Cash	1,183,172	3,571	-
Accounts receivable	113,352	4,097	146,853
Inventory	28,669	-	28,704
Investments	1,206,686	505	-
Prepaid expenses	66,446	-	-
Property and equipment	1,773,703	-	1,783,590
Total assets	4,372,028	8,173	1,959,147
Liabilities			
Bank indebtedness	-	-	705,209
Accounts payable and accruals	378,416	18,046	1,708,819
Deferred revenue	442,510	-	965,822
Advances from related party	-	8,575	-
Current portion of long-term debt	131,135	-	583,092
Long-term debt	306,801	-	566,148
Total liabilities	1,258,862	26,621	4,529,090
Net assets	3,113,166	(18,448)	(2,569,943)
Total revenue	5,443,522	240,824	2,140,355
Total expenses	5,113,344	273,365	2,647,320
Net income (loss)	330,178	(32,541)	(506,965)

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

9. Funds held in trust

	2023	2022
Ottawa Trust - revenue		
Balance	14	14
Other funds held in trust		
Funds transferred to Deeley Fabbri Sellen	-	3,100,000
Funds disbursed for land acquisition (and related closing costs)	-	(3,073,964)
	14	26,050

Ottawa trust fund

The Ottawa trust fund arises from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by sections 63 and 69 of the Indian Act. Revenue from the Ottawa Trust fund is recognized in the year in which it is earned when it is measurable and when collection is reasonably assured. Capital and Revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Chief and Council.

Revenue Trust \$14 (2022 - \$14); Interest revenue \$0 (2022 - \$0)

10. Accounts payable and accruals

	2023	2022
Trade accounts payable	2,273,024	3,170,014
Interest payable	9,131	9,449
Payroll liabilities	416,305	312,064
Receiver General	-	155
Staff savings	200	-
Band members in trust	178,252	149,877
Indigenous Services Canada	282,449	27,639
Accrued liabilities	20,875	19,255
	3,180,236	3,688,453

Indigenous Services Canada ("ISC") accounts payable consists of the following:

Capacity Building (18/19)	\$ 20,000
School Effectiveness (17/18)	750
Language and Cree Culture (17/18)	6,889
Medical Transport (22/23)	<u>254,810</u>
Total	\$282,449

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

11. Deferred revenue

	<i>Balance beginning of year</i>	<i>Funding received 2023</i>	<i>Revenue recognized 2023</i>	<i>Balance, end of year</i>
ISC - Health - Medical Transport	98,083	-	98,083	-
First Peoples' Development Inc.	59,736	168,416	151,297	76,855
UCN - Classroom Project	29,469	-	-	29,469
K&B Supplies - Final Month Rent	5,000	-	-	5,000
ISC - Professional & Institutional Development	21,780	-	21,780	-
ISC - Community Based Initiative	525,066	-	525,066	-
ISC - COVID LEDSP	109,232	-	109,232	-
ISC - COVID Post Secondary	33,072	-	33,072	-
ISC - Community Based Initiative	-	310,023	-	310,023
ISC - Community Well-Being and Jurisdiction Initiative	-	282,257	137,178	145,079
ISC - Disruptive Measures	-	2,295,590	-	2,295,590
ISC - Emergency Services	-	517,089	186,749	330,340
ISC - COVID Social Services	1,499,416	1,182,870	1,265,056	1,417,230
ISC - First Nation and Inuit Youth Employment Strategy	19,521	81,979	47,133	54,367
ISC - Firesmart	116,749	-	41,051	75,698
ISC - FN Representative Services	-	388,559	-	388,559
ISC - Infrastructure GAP	-	25,000	2,500	22,500
ISC - Land Use Planning Arrangement	-	10,000	-	10,000
ISC - Capacity/Innovation	140,000	70,000	34,177	175,823
ISC - Summer Student	11,212	-	11,212	-
ISC - Education Innovation	70,788	102,230	70,788	102,230
ISC - School Ventilation	45,647	60,518	45,647	60,518
ISC - Service Delivery	-	366,077	255,259	110,818
ISC - Adult Education	-	245,616	-	245,616
ISC - Capacity Building	-	70,000	-	70,000
ISC - Band Housing Project	-	2,059,975	-	2,059,975
Swampy Cree Tribal Council	-	35,000	-	35,000
Assembly of Manitoba Chiefs	83,904	-	-	83,904
Nursing Station - Rent	4,071	-	4,071	-
Nature United	-	39,787	-	39,787
Cree Nation Child & Family Agency	-	49,400	45,600	3,800
Land Based Knowledge	-	69,726	-	69,726
	2,872,746	8,430,112	3,084,951	8,217,907

12. Long-term debt

	2023	2022
Manitoba Lotteries Corporation - loan repayable in weekly installments of \$740 (2022 - \$740 with interest at 2.35% (2022 - 2.35%) included therein, secured by VLT machines with a net book value of \$73,561 (2022 - \$81,794); paid in full during the fiscal year:	-	1,478
Manitoba Lotteries Corporation - loan repayable in weekly installments of \$147 with interest at 4.40% included therein, secured by VLT machines with a net book value of \$46,000:	46,000	-
Manitoba Lotteries Corporation - loan repayable in weekly installments of \$349 with interest at 2.90% included therein, secured by VLT machines with a net book value of \$103,500:	104,056	-

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

12. Long-term debt *(Continued from previous page)*

	2023	2022
Canada Mortgage and Housing Corporation - (10 units - 2001) mortgage repayable in monthly installments of \$4,231 (2022 - \$4,231) with interest at 2.22% (2022 - 2.22%) included therein, due August 1, 2026, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	166,932	213,629
Canada Mortgage and Housing Corporation - (10 unit - 2003) mortgage repayable in monthly installments of \$4,461 (2022 - \$4,461) with interest at 1.75% (2022 - 1.75%) included therein, due April 1, 2028, with renewal date of October 1, 2024, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	260,230	308,765
Canada Mortgage and Housing Corporation - (9 units - 2004) mortgage repayable in monthly installments of \$3,849 (2022 - \$3,849) with interest at 0.96% (2022 - 0.96%) included therein, due November 1, 2029, with a renewal date of March 1, 2026, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	298,157	341,260
Canada Mortgage and Housing Corporation - (9 units - 2005) mortgage repayable in monthly installments of \$4,140 (2022 - \$4,008) with interest at 1.01% (2022 - 1.01%) included therein, due February 1, 2031, with a renewal date of August 1, 2026, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	377,888	423,513
Canada Mortgage and Housing Corporation - (5 units - 2007) mortgage repayable in monthly installments of \$3,012 (2022 - \$2,916) with interest at 3.09% (2022 - 2.39%) included therein, due November 1, 2032, with a renewal date of February 1, 2028, secured by Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	301,883	329,270
Canada Mortgage and Housing Corporation - (68 units - 2008) mortgage repayable in monthly installments of \$21,960 (2022 - \$21,960) with interest at 1.75% (2022 - 1.75%) included therein, due May 1, 2033, with a renewal date of October 1, 2024, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	2,453,379	2,672,041
Canada Mortgage and Housing Corporation - (8 units) mortgage repayable in monthly installments of \$2,311 (2022- \$2,311) with interest at 1.13% (2022 - 1.13%) included therein, due June 1, 2036, with a renewal date of June 1, 2026, secured by Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	341,143	364,882
Canada Mortgage and Housing Corporation - (31 units) mortgage repayable in monthly installments of \$8,972 (2022 - \$8,972) with interest at 1.13% (2022 - 1.13%) included therein, due June 1, 2036, with a renewal date of June 1, 2026, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	1,324,528	1,416,694
Canada Mortgage and Housing Corporation - (4 units - 2019) mortgage repayable in monthly installments of \$6,173 (2022 - \$6,173) with interest at 1.87% (2022 - 1.87%) included therein, due May 1, 2034, with a renewal date of May 1, 2024, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	746,363	805,935

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

12. Long-term debt *(Continued from previous page)*

	2023	2022
Canada Mortgage and Housing Corporation - (4 units - 2020) mortgage repayable in monthly installments of \$3,383 (2022 - \$3,383 with interest at 0.98% (2022 - 0.98%) included therein, due April 1, 2045, with a renewal date of April 1, 2025, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	807,282	839,808
Royal Bank of Canada - loan repayable in monthly installments of \$33,334 (2022 - \$33,334) plus interest at prime plus 1.95% (2022 - prime plus 1.95%), with a scheduled repayment date of March 2026, secured by a band council resolution redirecting Manitoba Hydro and ISC capital funding to the financial institution:	1,199,944	1,599,952
Royal Bank of Canada - loan repayable in monthly installments of \$14,748 plus interest at prime plus 1.25% (2022 - prime plus 1.25%), due October 2030, secured by a band council resolution redirecting Manitoba Hydro, RCMP lease revenues, and all-risk insurance proceeds to the financial institution:	1,342,036	1,519,008
Royal Bank of Canada - loan repayable in monthly installments of \$2,602 plus interest at prime plus 1.25% (2022 - prime plus 1.25%), due October 2030, secured by a band council resolution redirecting Manitoba Hydro, RCMP lease revenues, and all-risk insurance proceeds to the financial institution:	236,782	268,006
Royal Bank of Canada - loan repayable in monthly installments of \$3,528 (2022 - \$3,528) with interest at 4.27% (2022 - 4.27%) included therein, secured by a boat with a net book value of \$73,561 (2022 - \$86,543); paid in full during the fiscal year:	-	6,998
	10,006,603	11,111,239

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

	Principal
2024	1,041,919
2025	1,087,167
2026	1,135,687
2027	948,271
2028	756,551
Total	4,969,595

During the year, interest paid was \$321,203 (2022 - \$274,103)

13. Capital lease obligations

	2023	2022
John Deere Financial - obligation under capital lease payable in equal monthly installments of \$1,976 (2022 - \$1,976) including interest at 8.5% (2022 - 8.5%), with a John Deere 650K Dozer, having a net book value of \$90,962 (2022 - \$113,702), pledged as collateral; paid in full during the year:	-	7,762
John Deere Financial - obligation under capital lease payable in equal monthly installments of \$5,752 (2022 - \$5,752) including interest at 8.5% (2022 - 8.5%), with a John Deere 180G Excavator, having a net book value of \$119,381 (2021 - \$149,226), paid in full during the year:	-	21,205

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

13. Capital lease obligations *(Continued from previous page)*

	2023	2022
John Deere Financial - obligation under capital lease payable in equal monthly installments of \$779 (2022 - \$779) including interest at 8.5% (2022 - 8.5%), with a John Deere 60G Excavator, having a net book value of \$47,061 (2022 - \$58,826), paid in full during the year:	-	2,871
	-	31,838

14. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

During the year, assets under construction totalled \$2,790,199 (2022 - \$2,585,799). These assets included:

- Fibre optic system
- RTM home
- Water treatment plant
- Community hall
- Cabin
- Health facility

The expected completion date for the assets under construction is not determinable at the time of financial statement preparation. No amortization of these assets has been recorded during the year as they were currently under construction. The buildings under construction as at March 31, 2023 related to an RTM home, fibre optic system, community hall and the water treatment plant. No assets under construction were completed during the fiscal year.

In addition, in January 2022, the Nation acquired a parcel of land located in downtown Winnipeg. The agreed upon purchase price was \$3,000,000 (before closing costs). The land was acquired by a Manitoba company acting as a bare trustee for the Chemawawin Cree Nation. Further details on this acquisition are included in Note 29.

15. Other

	2023	2022
VLT Administration Fee	222,105	81,794
MTS Agreement	112,227	121,578
	334,332	203,372

Other assets consists of the unamortized portion of Chemawawin Gaming Commission's VLT administration fee and the unamortized portion of the original cost of a strategic alliance cellular phone service agreement with MTS acquired during the 2006/07 fiscal year.

Included in amortization expense is \$30,040 (2022 - \$18,439) related to the amortization of other assets.

16. Chemawawin First Nation Development Trust

The Chemawawin First Nation Development Trust was settled on December 20, 1990 with a payment of \$10,265,922 from the Manitoba Hydro-Electric Board in partial settlement of certain damages suffered by the Chemawawin Cree Nation ("the Nation"). The purpose of the Trust is to support the future development of the Nation and its members, including its fishermen, trappers, hunters and other community-resource users.

Equity of the Trust is separated into two distinct funds as set out in the terms of the Trust Agreement.

Capital fund

The Capital Fund includes the original settlement amount and any transfers from the Income Fund less encroachments on capital. Encroachments on capital are limited to 5% of the net value of the Trust at the beginning of the year. The Capital Fund can never be reduced below the original settlement amount. At March 31, 2023 the net market value of the trust fund is \$15,385,332 (2022 - \$15,323,128).

Income fund

The Income Fund accumulates the income generated by the Trust less administrative expenses and any distributions to fixed income beneficiaries or eligible income beneficiaries. Fixed income beneficiaries include Senior Elders of the Cree Nation who are paid \$125 per month. Chemawawin Cree Nation is the eligible income beneficiary.

Income distributions requested by the Trustees are recorded in the accounts of the Trust upon confirmation that the distribution satisfies all of the terms of the Trust Agreement. Any balance in the Income Fund which has not been allocated or paid within six months after the Trust year end shall be transferred to the Capital Fund.

Of the First Nation's investments, \$13,991,626 (at fair value) (2022 - \$13,795,920) relate to investments held in the Chemawawin First Nation Development Trust.

17. Chemawawin Resource Trust

In accordance with the 2002 Comprehensive Forebay Agreement signed by Chemawawin Cree Nation, the Province of Manitoba and Manitoba Hydro, \$400,000 was received by the First Nation to establish the Chemawawin Resource Trust. The investment income generated from these monies is to be utilized to support the future participation costs of Chemawawin representatives on the Cedar Lake Resource Management Board.

Of the First Nation's investments, \$477,000 (2022 - \$477,000) relate to investments held in the Chemawawin Resource Trust.

18. Pension benefits

The Nation has a defined contribution pension plan for employees whereby the employees' contributions to the plan are matched by the Nation up to a maximum of 2.5% of gross earnings. The pension plan is administered and managed by Great West Life.

The expense recognized in the consolidated statement of operations and accumulated surplus with respect to employer contributions to this plan was \$134,578 (2022 - \$127,623). There were no significant changes to the pension plan in 2023.

Separate bank account(s) for pension deductions (including employer's share) were not maintained by the Nation. As at March 31, 2023, the Nation had outstanding pension benefits pertaining to deductions of \$0 (2022 - \$17,025).

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

19. Reserves

CMHC Reserves

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the Nation established the following:

A replacement reserve, established by an annual allocation of \$169,850 (2022 - \$169,850), to ensure replacement of buildings financed by CMHC. A replacement reserve fund was segregated as at March 31, 2023 with a balance of \$2,965,845 (2022 - \$2,324,770). At March 31, 2023, this reserve was overfunded by an amount of \$755,855 (2022 - \$1,145,470 was overfunded).

A subsidy surplus reserve can be established by retaining excess federal assistance payments received. Reserve funds may be used to meet future subsidy requirements of income test occupants, over and above the maximum federal assistance.

In accordance with terms of the agreements, CMHC reserve monies must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

At March 31, 2023, no separate reserve bank balance was maintained for the subsidy surplus reserve.

20. Government transfers

During the year, the First Nation recognized the following government transfers:

	2023	2022
Indigenous Services Canada - operating	27,124,454	22,112,514
Indigenous Services Canada - capital	856,958	840,155
Indigenous Services Canada - Health - operating	4,524,232	4,629,270
Indigenous Services Canada - Health - capital	20,000	1,613,734
Canada Mortgage and Housing Corporation - operating	638,691	636,786
Human Resources and Skills Development Canada - operating	388,436	391,504
Province of Manitoba - operating	278,715	375,448
	33,831,486	30,599,411

21. Commitments and contingencies

A portion of the balance included as surpluses (deficits) is from funds contributed by government agencies. Such surpluses (deficits) may be subject to repayment or recovery by the contributing agencies, depending on the terms and conditions of the relevant agreements. Where not otherwise ascertainable, any such repayments or recovery will be recorded in the fiscal period in which such determination is made.

Pursuant to a motion adopted by Chief and Council on November 16, 1998, and amended February 16, 1999, retroactive to 1994, severance packages equivalent to two months of salary for every year of service to a maximum of twelve months are to be awarded to the Chief and Council members who are removed from their respective position by election or otherwise.

The Manitoba Health and Post Secondary Education Tax Levy, also known as the payroll tax, is imposed on remuneration in excess of \$1.25 million that is paid to employees. CCN School was previously an incorporated entity (i.e. CCN School Inc.) and also had payroll exceeding this threshold. As a result, the CCN School may have been subject to this payroll tax in past years when it operated as a distinct incorporated entity. The annual potential tax liability has been noted in previous years' financial statements and the cumulative liability would be significant to the Nation, if assessed. In past years, the corporate status of the CCN School was dissolved, and it now operates as a division under the overall Chemawawin Cree Nation. Therefore, this tax levy no longer applies going forward (however, the previously accumulated potential liability remains).

21. Commitments and contingencies *(Continued from previous page)*

Effective July 1, 2018, the First Nation signed a services agreement with ICON Management Services (ICON). Under this agreement, the First Nation is obligated to pay ICON \$11,500 per month until June 30, 2024. The agreement also includes provisions for additional fees related to project management, band financing and negotiation services.

Vista Building Solutions Inc. acts as a primary supplier to the Nation for purchases related to capital projects, including housing and infrastructure projects. Effective November 5, 2010, the First Nation signed a services agreement with Vista Building Products Inc. This agreement stipulated a project management fee of 10% of project costs and 40% of any profit margin realized by the First Nation on relevant projects. This agreement expired on September 30, 2015. The agreement has not been renewed at the time of financial statement preparation. Chemawawin Cree Nation continues to utilize Vista Building Solutions Inc. as a key supplier and the terms of service are agreed upon on a project-by-project basis.

The Chemawawin First Nation Development Trust has a signed service agreement in place with Beutel, Goodman and Company Ltd. to manage its investment portfolio. Under this agreement, the Trust is obligated to pay fees based on a percentage of investments being managed, at a minimum of \$30,000 per year. The Trust may terminate the agreement by providing the service provider with at least thirty days written notice. Therefore, the minimum contractual obligation amounts to \$30,000.

In July 2021, the Chemawawin First Nation Development Trust signed a service agreement with Fierro Capital. Under these agreements, the Trust is obligated to pay fees calculated as a percentage of assets under their supervision and management. The total advisory fees related to the above company expensed during the year was \$12,451 (2022 - \$5,483).

The Chemawawin First Nation Development Trust has a signed service agreement in place with Peace Hills Trust. In exchange for providing investment and administrative services, Peace Hills Trust Company (the administrator of the Trust), charges a management fee based on the gross value of the Trust assets calculated on the last business day of each month. Charges to the Trust for the year-ended March 31, 2023 amounted to \$54,632 (2022 - \$58,817). The Trust has a cash balance of \$55,639 (2022 - \$49,876), which is held with Peace Hills Trust Company.

The First Nation carries a level of insurance coverage sufficient to cover only CMHC homes. As such, the First Nation is predominantly uninsured with respect to its other buildings and homes, equipment, other assets, etc.

On January 12, 2018, Chemawawin Cree Nation (the "lessor") entered into a lease agreement whereas, the lessee will occupy the land, building and equipment located at 20 Arena Road, Chemawawin Cree Nation, Easterville, Manitoba for the purpose of operating the grocery store and fuel service station, known as Atawekamik. The initial term of this agreement extends five years, and the tenant has the right to extend the term for three additional periods of five years. As part of this agreement, the First Nation may be required to undertake capital improvements to the building as agreed upon with the lessee.

Effective May 18, 2018, Chemawawin Cree Nation signed an agreement for training services with University College of the North (UCN). Under this agreement, the First Nation is obligated to pay UCN future annual fees of \$38,244 on August 18, 2023.

CCN is subject to employment standards and human rights complaints, along with other possible liability incidents. Management continually reviews the status of any complaints filed against the Nation. The aggregate liability in regards to these claims is not considered material to Chemawawin Cree Nations financial position or results of operation.

22. Contingent assets

The Nation has a funding agreement with Manitoba Hydro under the Community Endeavours Program (CEP). Under this program, all funds (which includes previous CEP surpluses reported) are to be expended on CEP related activities prior to the expiration of the agreement in April 2060.

The Nation has reporting obligations to Manitoba Hydro in this regard. As at March 31, 2023 an amount of \$2,427,479 (2022 - \$1,772,498) was being held by Manitoba Hydro until all reporting obligations were satisfied. The amount held represents four (2022 - three) annual payments as defined in the agreement between the Nation and Manitoba Hydro. The Nation intends to complete and submit all required reporting obligations, and as a result, receipt of the unadvanced funding is considered likely.

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

23. Related party transactions

The First Nation is a member of the Swampy Cree Tribal Council ("SCTC"), an organization representing seven neighbouring First Nation communities in northwest-central Manitoba. During the year, the First Nation received distribution payment from SCTC as well as donations. Total receipts from the SCTC for the year-ended March 31, 2023 equalled \$96,615 (2022 - \$11,366). At March 31, 2023, the First Nation reports no amounts owing to or from the Swampy Cree Tribal Council.

The above noted transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

24. Budget information

Canadian public sector accounting standards require the disclosure of budget information for comparison to the First Nation's actual revenues and expenses. The disclosed budget information has been approved by the Chief and Council of the Chemawawin Cree Nation.

25. Economic dependence

Chemawawin Cree Nation receives a significant portion of its revenue from Indigenous Services Canada (ISC) as a result of Treaties entered into with the Government of Canada. These treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

26. Fundraising accounts

Members of the First Nation maintain separate bank accounts for certain fundraising activities that are undertaken (e.g. school fundraisers, etc.). In some instances, these bank accounts contain the First Nation's name. However, management maintains that these accounts are not controlled by the First Nation, and instead are controlled by the staff, students, etc. that are directly undertaking the fundraising activity. Therefore, these accounts have been excluded from these financial statements.

27. Financial instruments

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

Credit risk

The First Nation believes that it is not exposed to significant credit risk from its accounts receivable (net of allowance for doubtful accounts). Accounts receivable balances from the following funding sources at March 31, 2023 (40% of total accounts receivable; 2022 - 46 %) are deemed to have minimal risk associated with collection pursuant to the terms of the related funding agreements:

Indigenous Services Canada	\$ 87,745 (2022 - \$87,745)
Canada Mortgage and Housing Corporation	\$ 53,305 (2022 - \$53,109)
First Peoples' Development Inc.	\$ 23,750 (2022 - \$63,012)
Frontier School Division	\$198,618 (2022 - \$198,618)
Assembly of Manitoba Chiefs	\$287,297 (2022 - \$287,297)

Liquidity risk

The First Nation manages its liquidity risks by maintaining adequate cash and credit facilities and by updating and reviewing cash flow projections on a regular basis.

27. Financial instruments *(Continued from previous page)*

Price risk

Foreign currency risk

The First Nation's functional currency is the Canadian dollar and virtually all purchases and revenue receipts are transacted in Canadian dollars. The First Nation holds investments in a US dollar account, which exposes them to foreign currency fluctuations. The market value of investments held in US dollars was \$3,999,970 at March 31, 2023 (2022 - \$4,286,731). A 1% change in the currency rate would impact the remeasurement gains (losses) reported by approximately \$40,000 (2022 - \$42,867). Management believes that foreign exchange risk from currency conversions is negligible.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument may be adversely affected by a change in interest rates. The Nation is exposed to interest rate risk with respect to its variable rate long-term debt financing, which totalled \$2,778,762 at March 31, 2023 (2022 - \$3,342,920). In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities. If the interest rate increases by 3.00%, interest charges would increase by \$300,198 (2022 - \$334,292) approximately.

Fair value

The following illustrates the classification of the First Nation's instruments that are classified in the fair value category as at March 31, 2023:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data.

The fair value hierarchy has remained consistent throughout the year.

The First Nation has classified investments in the fair value category as a level 1 financial asset with a fair value of \$14,468,626 as at March 31, 2023 (2022 - \$14,272,920). The First Nation has no level 2 or level 3 designated financial instruments.

Chemawawin is exposed to market risk with respect to the value of its investments held in active markets, including equity investments and fixed income investments. If the market value of these actively traded investments was to change by 3% or 10%, the net impact on the remeasurement gains (losses) would be \$434,059 (2022 - \$428,188) or \$1,446,863 (2022 - \$1,427,292), respectively.

28. Corresponding figures

Prior year's corresponding figures have been reclassified where necessary to conform to the current year's presentation.

29. Significant event

In January 2022, the Nation acquired a parcel of land located in downtown Winnipeg for a purchase price of \$3,000,000. To facilitate the purchase of this land, a bare trustee corporation was utilized. This corporation holds the title to the property in trust for the Chemawawin Cree Nation. Given the nature of this bare trust and the Nation's ability to control this entity, the trustee corporation has been fully consolidated in the financial statements of Chemawawin Cree Nation as at March 31, 2022, and therefore, the land asset is included in the tangible capital assets presented in these consolidated financial statements.

Chemawawin Cree Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2023

	<i>Data Communications Equipment</i>	<i>Furniture, Fixtures and Equipment</i>	<i>Automotive</i>	<i>Infrastructure</i>	<i>Boats</i>	<i>Computer Hardware</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	457,049	2,897,805	7,657,975	14,004,858	517,623	267,741	25,803,051
Acquisition of tangible capital assets	-	330,011	811,459	-	20,385	31,051	1,192,906
Disposal of tangible capital assets	-	-	-	-	-	-	-
Write down of tangible capital assets	-	-	-	-	-	-	-
Transfers	-	-	698,250	-	-	-	698,250
Balance, end of year	457,049	3,227,816	9,167,684	14,004,858	538,008	298,792	27,694,207
Accumulated amortization							
Balance, beginning of year	288,132	2,106,626	6,007,907	6,976,631	246,566	158,215	15,784,077
Annual amortization	16,892	191,367	1,261,262	281,129	42,187	69,643	1,862,480
Accumulated amortization on disposals	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Balance, end of year	305,024	2,297,993	7,269,169	7,257,760	288,753	227,858	17,646,557
Net book value of tangible capital assets	152,025	929,823	1,898,515	6,747,098	249,255	70,934	10,047,650
Net book value of tangible capital assets 2022	168,917	791,179	1,650,068	7,028,227	271,057	109,526	10,018,974

Chemawawin Cree Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2023

	<i>Subtotal</i>	<i>Buildings</i>	<i>Construction- in-progress</i>	<i>Assets Under Capital Lease</i>	<i>Land</i>	<i>2023</i>	<i>2022</i>
Cost							
Balance, beginning of year	25,803,051	68,039,230	2,585,799	698,250	3,072,428	100,198,758	93,180,907
Acquisition of tangible capital assets	1,192,906	-	204,400	-	-	1,397,306	7,939,831
Disposal of tangible capital assets	-	(645,164)	-	-	-	(645,164)	(895,630)
Write down of tangible capital assets	-	-	-	-	-	-	(26,350)
Transfers	698,250	339,750	-	(698,250)	-	339,750	-
Balance, end of year	27,694,207	67,733,816	2,790,199	-	3,072,428	101,290,650	100,198,758
Accumulated amortization							
Balance, beginning of year	15,784,077	27,799,695	-	440,846	-	44,024,618	41,872,719
Annual amortization	1,862,480	1,587,427	-	(440,846)	-	3,009,061	2,777,771
Accumulated amortization on disposals	-	(512,118)	-	-	-	(512,118)	(625,872)
Transfers	-	339,750	-	-	-	339,750	-
Balance, end of year	17,646,557	29,214,754	-	-	-	46,861,311	44,024,618
Net book value of tangible capital assets	10,047,650	38,519,062	2,790,199	-	3,072,428	54,429,339	56,174,140
Net book value of tangible capital assets 2022	10,018,974	40,239,535	2,585,799	257,404	3,072,428	56,174,140	

Chemawawin Cree Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2023

	2023	2022
Consolidated expenses by object		
Amortization	3,039,101	2,796,210
Automotive	970,806	517,055
Bad debt expense	178,359	31,083
Bank charges and interest	44,101	35,988
Community donations	489,779	342,135
Community events and enhancement	26,000	-
Elders fees	211,860	193,545
Election	-	42,278
Food and beverage	56,411	27,970
Funeral	121,139	103,864
Health supplies and programming	985,549	813,895
Honouraria	143,190	117,649
Insurance	172,905	177,089
Interest on long-term debt	320,885	273,438
Meeting	4,015	4,497
Miscellaneous	133,239	73,429
Office equipment lease	54,340	35,748
Office rent	89,487	91,347
Office supplies and overhead	100,132	46,322
Professional development	343,183	59,425
Professional fees	610,654	644,468
Program expense	2,235,532	1,435,255
Property tax	41,421	10,225
Rent	10,618	-
Repairs and maintenance	1,814,357	758,573
Salaries and benefits	12,746,964	12,013,017
Social assistance	4,886,640	4,220,909
Supplies	668,230	1,608,262
Telephone	129,766	132,407
Tobacco tax rebates distributed to vendor	60,155	85,178
Training	43,955	21,704
Travel	615,694	383,446
Trust expenses	141,373	137,515
User fees	29,237	32,469
Utilities	545,415	385,690
Total	32,064,492	27,652,085

Chemawawin Cree Nation

Schedule 3 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2023

	<i>ISC Revenue</i>	<i>Other Revenue</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Adjustments/ Transfers From (To)</i>	<i>Current Surplus (Deficit)</i>
Entity						
Band Operations	16,216,205	(3,612,331)	12,603,874	17,153,168	19,188	(4,530,106)
Chemawawin Otineka Business Corporation	-	418	418	15,286	-	(14,868)
Chemawawin Development Trust	-	653,400	653,400	140,373	-	513,027
Chemawawin Resource Trust	-	13,001	13,001	10,089	-	2,912
CCN School Inc.	11,765,207	257,824	12,023,031	6,987,461	-	5,035,570
Chemawawin Housing Authority	-	977,935	977,935	711,140	204,929	471,724
Chemawawin Service Centre	-	-	-	4,972	-	(4,972)
Chemawawin Health Authority	-	4,424,752	4,424,752	4,240,571	(40,687)	143,494
Chemawawin Economic Development Inc.	-	1,860,504	1,860,504	1,909,556	(183,430)	(232,482)
CCN Communications	-	94,689	94,689	132,106	-	(37,417)
4216083 MB Ltd.	-	-	-	10,255	-	(10,255)
Chemawawin Gaming Commission	-	573,966	573,966	707,215	-	(133,249)
10120189 MB Ltd.	-	-	-	42,300	-	(42,300)
Total	27,981,412	5,244,158	33,225,570	32,064,492	-	1,161,078