

**DAUPHIN RIVER FIRST NATION
INDEPENDENT AUDITOR'S REPORT
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022**

DAUPHIN RIVER FIRST NATION

MARCH 31, 2022

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Dauphin River First Nation ("First Nation") are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include 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 are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

Chief and Council review the First Nation's consolidated financial statements and recommends their approval to the membership. Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, to review the consolidated financial statements and the external auditor's report. The Chief and Council also consider and submit for approval by the Members, the engagement of the external auditors.

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



Chief Lawrence Letander

INDEPENDENT AUDITOR'S REPORT

To The Members of Dauphin River First Nation and Chief and Council:

Qualified Opinion

We have audited the accompanying consolidated financial statements of Dauphin River First Nation, which comprise the consolidated statement of financial position as at March 31 2022, and the consolidated statement of operations, changes in net debt and cash flow for the year then ended, and the notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Dauphin River First Nation as at March 31 2022, and the results of its operations and its cash flow for the year then ended, in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

During our audit, we were unable to obtain sufficient appropriate audit evidence related program costs and vehicle expenses as management was not able to provide the supporting documentation. Consequently, we were unable to determine whether any adjustments to these amounts were necessary to the program costs and vehicle expenses as disclosed in note 16 (Expenses by Object), expenses by segment in the statement of operations and assets or liabilities for the year ended March 31, 2022.

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 modified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieved 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.

Fort Group

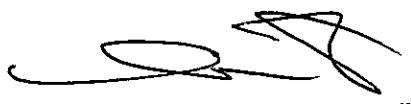
Winnipeg, Manitoba
April 14, 2023

CHARTERED PROFESSIONAL
ACCOUNTANTS INC.

DAUPHIN RIVER FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
FINANCIAL ASSETS		
Cash (Note 2)	\$ 4,353,729	1,507,847
Cash in Ottawa Trusts (Note 3)	12,450	12,208
Accounts receivable and advances (Note 4)	-	1,950
Due from government and other government organizations (Note 5)	<u>44,133</u>	<u>282,992</u>
	<u>4,410,312</u>	<u>1,804,997</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	363,770	654,973
Due to government and other government organizations (Note 7)	17,484	17,965
Deferred revenue (Note 8)	27,606	27,606
Debt (Note 9)	<u>1,104,911</u>	<u>1,191,384</u>
	<u>1,513,771</u>	<u>1,891,928</u>
NET ASSETS (DEBT)	2,896,541	(86,931)
NON-FINANCIAL ASSETS		
Prepaid expenses	56,175	35,391
Tangible capital assets (Note 10)	43,080,115	44,023,550
Construction in progress (Notes 10 and 11)	<u>10,599,072</u>	<u>10,597,452</u>
	<u>53,735,362</u>	<u>54,656,393</u>
ACCUMULATED SURPLUS (Note 12)	<u>\$ 56,631,903</u>	<u>54,569,462</u>

APPROVED BY THE FIRST NATION:



Chief Lawrence Letander



Councillor

Councillor

DAUPHIN RIVER FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2022

	2022		2021
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUES			
Federal government			
Operating transfers (Note 13)	\$ 4,377,964	6,903,821	5,321,005
Capital transfers (Note 13)	-	-	50,000
Other revenue	<u>200,452</u>	<u>748,367</u>	<u>680,417</u>
	<u><u>4,578,416</u></u>	<u><u>7,652,188</u></u>	<u><u>6,051,422</u></u>
EXPENSES			
Band government	927,021	1,901,355	2,583,260
Education	219,083	252,211	213,254
Health	2,098,342	1,879,484	1,554,412
Housing	55,043	109,458	104,849
Public works	251,401	550,163	746,712
Social services	<u>913,169</u>	<u>897,076</u>	<u>679,886</u>
	<u><u>4,464,059</u></u>	<u><u>5,589,747</u></u>	<u><u>5,882,373</u></u>
ANNUAL SURPLUS	114,357	2,062,441	169,049
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	54,569,462	54,400,413
ACCUMULATED SURPLUS, END OF YEAR	\$ 114,357	<u>56,631,903</u>	<u>54,569,462</u>

DAUPHIN RIVER FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (DEBT)
YEAR ENDED MARCH 31, 2022

		2022	2021
		<u>Budget</u>	<u>Actual</u>
ANNUAL SURPLUS		\$ 114,357	2,062,441
Tangible capital assets			169,049
Acquisition of tangible capital assets	-	(101,620)	(340,419)
Amortization of tangible capital assets	-	1,043,435	969,675
	-	941,815	629,256
Other non-financial assets			
Acquisition of prepaid expenses	-	(20,784)	(6,159)
CHANGE IN NET ASSETS		114,357	2,983,472
			792,146
NET DEBT, BEGINNING OF YEAR		(86,931)	(86,931)
			(879,077)
NET ASSETS (DEBT), END OF YEAR		\$ 27,426	2,896,541
			(86,931)

DAUPHIN RIVER FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 2,062,441	169,049
Add non-cash item(s):		
Amortization of tangible capital assets	<u>1,043,435</u>	<u>969,675</u>
	3,105,876	1,138,724
Change in non-cash working capital:		
Accounts receivable and advances	1,950	2,510
Due from government and other government organizations	238,859	1,464,808
Prepaid expenses	(20,784)	(6,159)
Accounts payable and accrued liabilities	(291,202)	180,879
Due to government and other government organizations	(481)	(1,360,027)
Deferred revenue	-	(14,759)
	<u>3,034,218</u>	<u>1,405,976</u>
CAPITAL ACTIVITIES		
Net acquisition in tangible capital assets and construction in progress	<u>(101,620)</u>	<u>(340,419)</u>
FINANCING ACTIVITIES		
Debt repayment	<u>(86,473)</u>	<u>(79,651)</u>
CHANGE IN CASH	<u>2,846,125</u>	<u>985,906</u>
CASH, BEGINNING OF YEAR	<u>1,520,055</u>	<u>534,149</u>
CASH, END OF YEAR	<u>\$ 4,366,180</u>	<u>1,520,055</u>
CASH IS REPRESENTED BY:		
Cash	\$ 4,353,729	1,507,847
Cash in Ottawa Trust	<u>12,450</u>	<u>12,208</u>
	<u>\$ 4,366,179</u>	<u>1,520,055</u>

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting and going concern

Dauphin River First Nation ("the First Nation") follows the Indigenous Services Canada (ISC) 2019-2020 Financial Reporting Requirements which requires that the consolidated financial statements be prepared in accordance with Canadian public sector accounting standards for governments, as defined in the Chartered Professional Accountants of Canada (CPA Canada) Public Sector Accounting Handbook.

The safety measures to combat COVID-19 (Coronavirus) and the government response continue to evolve and change quickly. It is councils opinion that the First Nation has adequately adapted to the impact of this pandemic and will continue to maintain operations for the foreseeable future. While the council will continue to monitor and evaluate the implications of the pandemic, it is difficult to predict the extent and duration this pandemic could have on the future finances and operations of the First Nation.

(b) Reporting entity

The First Nation is a non-profit Indian Band as defined by the Indian Act (Canada). The objective of the First Nation is to operate as the governing entity in providing services on the reserve in all areas.

(c) Principles of consolidation

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

CMHC Housing Authority

(d) Replacement reserve fund

The replacement reserve fund represents amounts that have been restricted in compliance with and agreement with the Canada Mortgage and Housing Corporation (CMHC). These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. The replacement reserve fund is currently underfunded by \$83,170 (2021 - \$65,215) due to the fact that the operating reserve assets total \$83,651 (2021 - \$83,651) while the replacement reserve liability is \$166,821 (2021 - \$148,866).

(e) Asset classification

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

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

(g) Tangible capital assets

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

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

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

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

Infrastructure	50 years
Buildings	12 to 50 years
Housing	25 years
Docks	50 years
Computer equipment	5 years
Computer software	2 years
Equipment	5 years
Vehicles	5 years

(h) Net debt

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

(i) Revenue recognition

Government transfers

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

Other revenue

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

Unrestricted other revenue is recognized when:

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

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Segmented information

The First Nation discloses segmented results of operations for the year in note 19 to the consolidated financial statements. The First Nation has segregated its activities into the following segments based on distinguishable groups of activities;

Health

Dauphin River Health Authority

Education

Dauphin River Education

Social

Social services

Economic Development

Economic development program

Training and employment program

Public Works

Community services

Fire protection

Band Government

Band administration

Capital projects

Housing

CMHC Housing Authority

(k) Measurement uncertainty

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

(l) Financial instruments

Financial instruments held by the First Nation include cash, cash in Ottawa trusts, accounts receivable and advances, accounts payable and accrued liabilities, amounts due to/from government and other government organizations, and debt. The First Nation initially measures its financial instruments at fair value when the asset or liability is first recognized.

The First Nation subsequently measures its financial instruments at cost or amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

2. CASH AND BANK INDEBTEDNESS

	<u>2022</u>	<u>2021</u>
Unrestricted - operating	\$ 4,270,078	1,424,196
Externally restricted - CMHC	<u>83,651</u>	<u>83,651</u>
	<u><u>\$ 4,353,729</u></u>	<u><u>1,507,847</u></u>

Restrictions on cash

The First Nation is subject to restrictions placed on its cash due to an agreement with CMHC as disclosed in note 1(d) to these consolidated financial statements. As at March 31, 2022, \$166,821 (2021 - \$148,866) was restricted for expenditures to be approved by CMHC.

3. TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT

	<u>March 31, 2021</u>	<u>Additions 2022</u>	<u>Withdrawals 2022</u>	<u>March 31, 2022</u>
Revenue	\$ 11,848	242	-	12,090
Capital	<u>360</u>	<u>-</u>	<u>-</u>	<u>360</u>
	<u><u>\$ 12,208</u></u>	<u><u>242</u></u>	<u><u>-</u></u>	<u><u>12,450</u></u>

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

4. ACCOUNTS RECEIVABLE AND ADVANCES

	<u>2022</u>	<u>2021</u>
Employee advances receivable	<u>\$ -</u>	<u>1,950</u>

5. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	<u>2022</u>	<u>2021</u>
ISC		
Basic needs (Q29W)	\$ 44,133	32,000
Perimeter Security (Q3SO)	-	6,268
CMHC subsidy	-	7,087
Health Canada		
Aboriginal Diabetes Initiative (Q221)	-	272
Community Facilities O&M (Q302))	-	56,000
Medical Transportation (Q01D)	-	2,500
Assembly Of Manitoba Chiefs	-	170,426
Manitoba First Nations Casino Trust	<u>-</u>	<u>8,439</u>
	<u><u>\$ 44,133</u></u>	<u><u>282,992</u></u>

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

6. ACCOUNTS PAYABLE	<u>2022</u>	<u>2021</u>
Trade payables	\$ 134,387	427,089
Other accrued liabilities	47,750	47,750
Holdbacks payable	<u>181,633</u>	<u>180,133</u>
	<u>\$ 363,770</u>	<u>654,972</u>

7. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	<u>2022</u>	<u>2021</u>
Health Canada		
2017/18 Medical Transport (Q010)	\$ -	5,420
Canada Revenue Agency	16,827	11,837
Other	<u>657</u>	<u>708</u>
	<u>\$ 17,484</u>	<u>17,965</u>

8. DEFERRED REVENUE	<u>Balance</u>	<u>Funding</u>	<u>Revenue</u>	<u>Balance</u>
	<u>March 31, 2021</u>	<u>Received 2022</u>	<u>Recognized 2022</u>	<u>March 31, 2022</u>
Federal Government				
ISC - Other				
Community Buildings (Q3BK)	\$ 27,606	- -	- -	27,606

9. DEBT	<u>2022</u>	<u>2021</u>
CMHC Mortgage, bearing interest at 0.71%, repayable in blended monthly installments of \$4,139, maturing - November 1, 2038, secured by a government guarantee	\$ 780,425	824,384
CMHC Mortgage, bearing interest at 0.68%, repayable in blended monthly installments of \$3,740, maturing - August 1, 2029, secured by a government guarantee.	<u>324,486</u>	<u>367,000</u>
	<u>\$ 1,104,911</u>	<u>1,191,384</u>

The estimated principal repayment for the years ended is as follows:

March 31, 2023	\$ 87,078
2024	87,684
2025	88,295
2026	88,910
2027	89,529
Thereafter	<u>663,415</u>
	<u>\$ 1,104,911</u>

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

10. TANGIBLE CAPITAL ASSETS

	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Opening Balance	Additions	Transfer/ Disposals	Closing Balance	Opening Balance	Amortization	Disposals and write offs	Closing Balance	Total 2022	Total 2021
Tangible Capital Assets										
Infrastructure	\$ 285,339	-	-	285,339	40,861	5,706	-	46,567	238,772	244,478
Water and sewer	20,586,859	-	-	20,586,859	617,606	411,737	-	1,029,343	19,557,516	19,969,253
Buildings	24,624,182	-	-	24,624,182	2,151,796	514,372	-	2,666,168	21,958,014	22,472,386
CMHC housing	1,462,896	-	-	1,462,896	438,869	58,516	-	497,385	965,511	1,024,027
Docks	241,273	-	-	241,273	34,094	4,827	-	38,921	202,352	207,179
Computers	58,959	-	-	58,959	58,959	-	-	58,959	-	-
Computer software	8,075	-	-	8,075	8,075	-	-	8,075	-	-
Equipment	427,552	-	-	427,552	401,601	8,003	-	409,604	17,948	25,951
Health equipment	3,638	-	-	3,638	3,638	-	-	3,638	-	-
Vehicles	520,713	100,000	-	620,713	440,437	40,274	-	480,711	140,002	80,276
	<u>48,219,486</u>	<u>100,000</u>	<u>-</u>	<u>48,319,486</u>	<u>4,195,936</u>	<u>1,043,435</u>	<u>-</u>	<u>5,239,371</u>	<u>43,080,115</u>	<u>44,023,550</u>
Construction in progress										
New school	10,597,452	1,620	-	10,599,072	-	-	-	-	10,599,072	10,597,452
20 Unit Housing	-	-	-	-	-	-	-	-	-	-
Norman Stagg House	-	-	-	-	-	-	-	-	-	-
	<u>10,597,452</u>	<u>1,620</u>	<u>-</u>	<u>10,599,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,599,072</u>	<u>10,597,452</u>
TOTAL	\$ 58,816,938	101,620	-	58,918,558	4,195,936	1,043,435	-	5,239,371	53,679,187	54,621,002

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

11. CONSTRUCTION IN PROGRESS

The First Nation has started construction of a new school. As of March 31, 2022 project costs of \$10,599,072 for the new school have been included in construction in progress.

12. ACCUMULATED SURPLUS

	<u>2022</u>	<u>2021</u>
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Accumulated Surplus in Replacement Reserve

Balance, beginning of year	\$ 148,866	130,911
Net transfer allocation from operating fund	<u>17,955</u>	<u>17,955</u>
Balance, end of year	<u>166,821</u>	<u>148,866</u>

Accumulated Surplus in Trust Funds

Balance, beginning of year	12,208	12,063
Transfer Ottawa Trust interest received	<u>242</u>	<u>145</u>
Balance, end of year	<u>12,450</u>	<u>12,208</u>

Accumulated Surplus (Deficit) in Tangible Capital Asset Fund

Balance, beginning of year	53,429,619	53,979,171
Debt repayments	86,473	79,704
Transfer TCA and construction in progress additions	101,620	340,419
Transfer amortization from operating fund	<u>(1,043,435)</u>	<u>(969,675)</u>
Balance, end of year	<u>52,574,277</u>	<u>53,429,619</u>

Accumulated Surplus (Deficit) in Operating Fund

Balance, beginning of year	978,769	278,268
Excess of revenue over expenses	2,062,441	169,049
Net transfer allocation to replacement reserve fund	<u>(17,955)</u>	<u>(17,955)</u>
Transfer Ottawa Trust interest received	<u>(242)</u>	<u>(145)</u>
Transfer debt repayments	<u>(86,473)</u>	<u>(79,704)</u>
Transfer tangible capital asset/construction in progress additions	<u>(101,620)</u>	<u>(340,419)</u>
Transfer amortization to capital fund	<u>1,043,435</u>	<u>969,675</u>
Balance, end of year	<u>3,878,355</u>	<u>978,769</u>

Total Accumulated Surplus	<u>\$ 56,631,903</u>	<u>54,569,462</u>
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DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

13. GOVERNMENT TRANSFERS

	2022		
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Federal government transfers:			
ISC revenue	\$ 4,455,321	-	4,455,321
Health Canada	2,363,452	-	2,363,452
Canada Mortgage and Housing Corporation	<u>85,048</u>	-	<u>85,048</u>
Total	<u>\$ 6,903,821</u>	-	<u>6,903,821</u>
	2021		
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Federal government transfers:			
ISC revenue	\$ 2,784,321	-	2,784,321
Health Canada	2,450,110	50,000	2,500,110
Canada Mortgage and Housing Corporation	<u>86,574</u>	-	<u>86,574</u>
Total	<u>\$ 5,321,005</u>	<u>50,000</u>	<u>5,371,005</u>

14. BUDGETED FIGURES

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

15. RISK MANAGEMENT

(a) Credit risk

Credit risk is the risk that a counterparty will default on its financial liabilities.

Financial assets which potentially subject the First Nation to credit risk and concentrations of credit risk consist principally of accounts receivable.

Management manages credit risk associated with accounts receivable by pursuing collections when they are due.

(b) Interest rate risk

Interest rate risk is the risk that debt servicing costs will vary unfavourably according to interest rate fluctuations.

It is management's opinion that the First Nation is exposed to interest rate price risk due to the CMHC loans being at a fixed interest rate.

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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15. RISK MANAGEMENT (continued)

(c) Liquidity risk

Liquidity risk is the risk that the First Nation will not be able to meet its financial obligations related to financial liabilities as they come due. Financial liabilities consist of accounts payable and accrued liabilities, deferred revenue, loan advances, long term debt, and a severance liability. Accounts payable and accrued liabilities are paid in the normal course of operations and except under certain exceptions, no later than three months.

The First Nation's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. As at March 31, 2022, the First Nation has a bank balance of \$4,366,179 (2021 - \$1,520,055) and receivables of \$44,133 (2021 - \$284,943) to meet financial liabilities of \$1,513,771 (2021 - \$1,891,928). Management of the First Nation are working to reduce the net debt through maximization of revenues and careful management of expenditures.

16. EXPENSES BY OBJECT

	2022	2021
Amortization	\$ 1,043,435	969,675
Band support	560,880	247,474
Bank charges and interest	15,631	22,307
Consulting fees	70,452	70,452
Equipment rental	8,206	64,434
Honorarium	61,603	7,500
Insurance	60,480	51,387
Office supplies	37,446	30,335
Other expenses	-	93,190
Professional development	19,250	48,000
Professional fees	267,311	244,951
Program costs	1,516,522	2,166,889
Rental expenditures	10,884	-
Security	71,266	216,001
Telephone	61,215	51,403
Travel	305,411	257,659
Utilities	151,317	166,152
Vehicle expenses	58,039	33,336
Salaries and benefits	<u>1,270,399</u>	<u>1,141,228</u>
	<u>\$ 5,589,747</u>	<u>5,882,373</u>

17. LEGAL PROCEEDINGS - FLOODING

Dauphin River First Nation, the Government of Canada and the Province of Manitoba are negotiating a Comprehensive Settlement Agreement (CSA) which will include all parties dropping all legal action taken against each other as a result of flooding on the First Nation. The CSA has been agreed to in principle and is expected to be finalized in the 2023 fiscal year. Once finalized, a review of the CSA and circumstances will be completed to determine if any amounts held in trust are controlled by First Nation, including legal fees \$4,047,864 owing related to this matter, should be recorded in these consolidated financial statements.

18. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to reflect the consolidated financial statement presentation adopted for the current year.

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

19. SEGMENTED INFORMATION

	HEALTH			EDUCATION			SOCIAL		
	Budget 2022	2022	2021	Budget 2022	2022	2021	Budget 2022	2022	2021
REVENUES									
Federal Government									
Operating Transfers	\$ 2,048,342	1,931,673	1,639,383	219,083	258,807	160,156	913,169	991,480	659,790
Capital Transfers	-	-	-	-	-	-	-	-	-
Other	50,000	65,000	38,960	-	1,440	11,944	-	(28)	43
	<u>2,098,342</u>	<u>1,996,673</u>	<u>1,678,343</u>	<u>219,083</u>	<u>260,247</u>	<u>172,100</u>	<u>913,169</u>	<u>991,452</u>	<u>659,833</u>
EXPENSES									
Salaries and benefits	870,948	903,601	809,811	20,667	48,717	43,114	26,531	61,685	27,291
Debt servicing	-	-	-	-	-	-	-	-	-
Amortization	-	56,504	46,504	-	15,576	15,577	-	-	-
Other	1,227,394	919,379	698,097	198,416	187,918	154,563	886,638	835,391	652,595
	<u>2,098,342</u>	<u>1,879,484</u>	<u>1,554,412</u>	<u>219,083</u>	<u>252,211</u>	<u>213,254</u>	<u>913,169</u>	<u>897,076</u>	<u>679,886</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>-</u>	<u>117,189</u>	<u>123,931</u>	<u>-</u>	<u>8,036</u>	<u>(41,154)</u>	<u>-</u>	<u>94,376</u>	<u>(20,053)</u>

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

19. SEGMENTED INFORMATION

	PUBLIC WORKS			HOUSING			BAND GOVERNMENT		
	Budget 2022	2022	2021	Budget 2022	2022	2021	Budget 2022	2022	2021
REVENUES									
Federal Government									
Operating Transfers	\$ 208,588	289,342	163,172	89,400	85,048	86,574	899,382	3,347,471	2,611,930
Capital Transfers	-	-	-	-	-	-	-	-	50,000
Other	-	-	-	80,000	76,116	76,116	70,452	605,839	553,354
	<u>208,588</u>	<u>289,342</u>	<u>163,172</u>	<u>169,400</u>	<u>161,164</u>	<u>162,690</u>	<u>969,834</u>	<u>3,953,310</u>	<u>3,215,284</u>
EXPENSES									
Salaries and benefits	84,899	93,432	31,381	-	-	-	179,834	162,964	229,631
Debt servicing	-	-	-	25,000	8,013	14,336	-	-	-
Amortization	-	235,169	509,591	-	58,516	58,516	-	677,670	339,487
Other	<u>166,502</u>	<u>221,562</u>	<u>205,740</u>	<u>30,043</u>	<u>42,929</u>	<u>31,997</u>	<u>747,187</u>	<u>1,060,721</u>	<u>2,014,142</u>
	<u>251,401</u>	<u>550,163</u>	<u>746,712</u>	<u>55,043</u>	<u>109,458</u>	<u>104,849</u>	<u>927,021</u>	<u>1,901,355</u>	<u>2,583,260</u>
ANNUAL SURPLUS (DEFICIT)	\$ (42,813)	(260,821)	(583,540)	114,357	51,706	57,841	42,813	2,051,955	632,024

DAUPHIN RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

19. SEGMENTED INFORMATION

	CONSOLIDATED TOTAL		
	Budget 2022	2022	2021
REVENUES			
Federal Government	\$ 4,377,964	6,903,821	5,321,005
Operating Transfers	-	-	50,000
Capital Transfers	200,452	748,367	680,417
Other	<u>4,578,416</u>	<u>7,652,188</u>	<u>6,051,422</u>
EXPENSES			
Salaries and benefits	1,182,879	1,270,399	1,141,228
Debt servicing	25,000	8,013	14,336
Amortization	-	1,043,435	969,675
Other	<u>3,256,180</u>	<u>3,267,900</u>	<u>3,757,134</u>
	<u>4,464,059</u>	<u>5,589,747</u>	<u>5,882,373</u>
ANNUAL SURPLUS (DEFICIT)	\$ 114,357	2,062,441	169,049