

DAUPHIN RIVER FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023

DAUPHIN RIVER FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2023

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DAUPHIN RIVER FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants 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 internal controls and are ultimately responsible for reviewing and approving the consolidated financial statements.

Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, ACT Management Ltd. conduct an independent examination, in accordance with Canadian 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

Councillor

Councillor

Councillor

Ryan M

Councillor

ACT Management Ltd.

Audit - Consulting - Tax

(204) 781-2613

INDEPENDENT AUDITOR'S REPORT

To the Chief, Council and Membership
Dauphin River First Nation

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, 2023, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Dauphin River First Nation as at March 31, 2023, and the results of its operations 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 Audit of the Financial Statements section of our report. We are independent of Dauphin River First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Dauphin River 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 Dauphin River First Nation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 omission, 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 Dauphin River 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 Dauphin River 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 auditors 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 Dauphin River First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

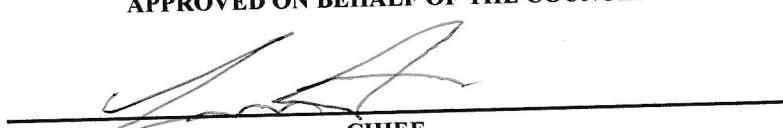
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A. Olszewski

ACT MANAGEMENT LTD.
Arthur Olszewski, CPA, CGA

Winnipeg, Manitoba
April 19, 2024

DAUPHIN RIVER FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash	\$ 2,677,367	\$ 4,036,460
Restricted cash (NOTE 3)	283,159	329,719
Accounts receivable (NOTE 4)	33,052	44,133
	<u>2,993,578</u>	<u>4,410,312</u>
LIABILITIES		
Accounts payable and accrued liabilities (NOTE 5)	2,493,064	381,254
Deferred revenue	-	27,606
Long-term debt (NOTE 6)	<u>1,017,834</u>	<u>1,104,911</u>
	<u>3,510,898</u>	<u>1,513,771</u>
NET (DEBT) ASSETS	<u>(517,320)</u>	<u>2,896,541</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	13,670	56,175
Tangible capital assets (NOTE 9)	57,242,862	43,080,115
Construction in progress	-	10,599,072
	<u>57,256,532</u>	<u>53,735,362</u>
ACCUMULATED SURPLUS	<u>\$ 56,739,212</u>	<u>56,631,903</u>
CONTINGENCIES (NOTES 8 AND 15)		
APPROVED ON BEHALF OF THE COUNCIL		
 CHIEF		
 COUNCILLOR		
 COUNCILLOR		
 COUNCILLOR		

DAUPHIN RIVER FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31, 2023

	BUDGET	2023	2022
(Unaudited)			
REVENUES			
Indigenous Services Canada	\$ 8,975,823	\$ 8,995,823	6,818,773
Canada Mortgage and Housing Corporation	85,048	85,048	85,048
Rent revenue	150,000	152,004	136,116
Other revenue	300,000	287,125	612,251
Deferred from the prior year	27,606	27,606	27,606
Deferred to the following year	-	-	(27,606)
	<u>9,538,477</u>	<u>9,547,606</u>	<u>7,652,188</u>
EXPENDITURES			
Band governance	2,030,000	2,032,200	2,126,494
Education	274,000	273,989	231,302
Community wellness	2,930,000	2,950,846	1,675,254
Housing	1,075,000	1,045,737	109,458
Public works	1,975,000	1,974,830	550,163
Social services	1,160,000	1,162,695	897,076
	<u>9,444,000</u>	<u>9,440,297</u>	<u>5,589,747</u>
ANNUAL SURPLUS	94,477	107,309	2,062,441
ACCUMULATED SURPLUS, BEGINNING OF YEAR	56,631,903	56,631,903	54,569,462
ACCUMULATED SURPLUS, END OF YEAR	\$ 56,726,380	\$ 56,739,212	\$ 56,631,903

DAUPHIN RIVER FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS

YEAR ENDED MARCH 31, 2023

	BUDGET (Unaudited)	2023	2022
ANNUAL SURPLUS	\$ 94,477	\$ 107,309	\$ 2,062,441
Acquisition of tangible capital assets - net	(4,680,000)	(4,687,720)	(101,620)
Amortization of tangible capital assets	1,050,000	1,124,045	1,043,435
	(3,630,000)	(3,563,675)	941,815
(Acquisition) use of prepaid expenses - net	50,000	42,505	(20,784)
CHANGE IN NET (DEBT) ASSETS	(3,485,523)	(3,413,861)	2,983,472
NET DEBT, BEGINNING OF YEAR	2,896,541	2,896,541	(86,931)
NET (DEBT) ASSETS, END OF YEAR	\$ (588,982)	\$ (517,320)	\$ 2,896,541

DAUPHIN RIVER FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Cash received from funding agencies	9,105,004	7,142,199
Cash received from other sources	426,077	750,317
Cash paid to suppliers and other	(4,906,824)	(3,542,960)
Cash paid to employees	(1,239,939)	(1,299,708)
Interest paid	(15,174)	(15,631)
	<u>3,369,144</u>	<u>3,034,217</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets - net	(4,687,720)	(101,620)
FINANCING ACTIVITIES		
Repayment of long-term debt	(87,077)	(86,473)
INCREASE (DECREASE) IN CASH AND CASH FOR THE YEAR	(1,405,653)	2,846,124
CASH, BEGINNING OF YEAR	4,366,179	1,520,055
CASH, END OF YEAR	\$ 2,960,526	\$ 4,366,179
CASH COMPRISED OF:		-
Cash	\$ 2,677,367	\$ 4,036,460
Restricted cash	283,159	329,719
	<u>\$ 2,960,526</u>	<u>\$ 4,366,179</u>

DAUPHIN RIVER FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of presentation

Dauphin River First Nation ("the First Nation") follows the Indigenous Services Canada (ISC) 2022-2023 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.

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 the legal obligation to pay.

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) Restricted funds

The replacement reserve fund represents amounts that have been restricted in compliance with and agreement with the Canada Mortgage and Housing Company (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 be 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.

Funds held in trust on behalf of Nation members by the Government of Canada on Ottawa Trust Fund are reported as restricted cash. Trust monies consists of:

- Capital Trust
- Revenue Trust

DAUPHIN RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED MARCH 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Asset classification

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

f) 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
Band buildings	12 to 50 years
Housing	25 years
Docks	50 years
Computer equipment	5 years
Equipment	5 years
Vehicles	5 years

h) Asset retirement obligations

Liabilities are recognized for statutory, contractual, or legal obligations, associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the assets. The obligations are measured initially at management's best estimate at the present value of the estimated future cash flows required to settle the retirement obligation. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of operations.

DAUPHIN RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED MARCH 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) 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 combined with non-financial assets comprises a second indicator of the financial position and accumulated surplus.

j) Revenue recognition

Government transfer revenue is recognized as it becomes receivable under the terms of applicable agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the statement of financial position in the year of receipt, and is matched with the related department expenses in the year of their occurrence.

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.

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

k) Segmented information

Dauphin River First Nation conducts its business through six reportable segments as identified in the further notes. These operating segments are established by senior management to facilitate the achievement of the entity's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

l) Provision for site rehabilitation

Environmental law requires appropriate closure and post-closure care of landfill sites. This would include covering and landscaping of the site and ongoing environmental monitoring, site inspection and maintenance. No liability has been recorded as of March 31, 2023 as funding from agencies will offset any cost associated with the closure of landfill sites.

m) 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.

DAUPHIN RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED MARCH 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Financial instruments

Financial instruments held by the First Nation include cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, 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.

At the end of each reporting period, management assesses financial assets or groups of financial assets for evidence of objective impairment. An impairment loss is recognized in the Statement of Operations when there is a loss in value that is other than temporary. Future recoveries of impaired financial assets are recognized in the Statement of Operations when received.

2. CHANGE IN ACCOUNTING POLICY

a) Asset retirement obligations

On April 1, 2022, Dauphin River First Nation adopted the PSAS Section (PS 3280) "Asset Retirement Obligations". The new standard includes the requirement for the recognition, measurement, presentation, and disclosure of asset retirement obligations and is effective for years beginning on or after April 1, 2022. There was no significant impact on these consolidated financial statements as a result of the adoption of this standard as no legal or constructive obligations were identified.

b) Financial Instruments

On April 1, 2022 the Dauphin River First Nation adopted the PSAS Section (PS3450) "Financial Instruments". The new standard establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. There was no significant impact on these consolidated financial statements as a result of the adoption of these standards.

As part of the adoption of PSAS 3450, on April 1, 2022 the Dauphin River First Nation was also required to adopt PSAS Section (PS3041) "Portfolio Investments" which has removed the distinction between temporary and portfolio investments, PSAS Section (PS 2601) "Foreign Currency Translation" which requires unrealized gains and losses to be presented on the statement of remeasurement gains and losses and PSAS Section (PS1201) "Financial Statement Presentation" which required a new statement of re-measurement gains and losses separate from the statement of operations. The adoption of these standards/amendments had no significant impact on the First Nation's consolidated financial statements.

DAUPHIN RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED MARCH 31, 2023

3. RESTRICTED CASH

	2023	2022
RBC - CMHC Replacement Reserve	\$ 83,616	\$ 83,651
RBC - CMHC 20 Unit Project	186,542	186,542
RBC - Temporary School Project	-	47,076
Funds held in Ottawa Trust	13,001	12,450
	<hr/> \$ 283,159	<hr/> \$ 329,719

The First Nation is subject to restrictions placed on its replacement reserve due to an agreement with CMHC. As at March 31, 2023, \$ 83,616 (2022 - \$83,651) was restricted for expenditures charged against the reserve, to be approved by CMHC.

The First Nation is subject to restrictions placed on its cash from the CMHC 20 Unit project. As at March 31, 2023, \$ 186,542 (2022 - \$186,542) was restricted for expenditures related to the project.

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

	2023	2022
Indigenous Services Canada	\$ 20,000	\$ 44,133
GST recoverable	4,116	-
Other	8,935	-
	<hr/> \$ 33,051	<hr/> \$ 44,133

5. ACCOUNTS PAYABLE

	2023	2022
Trade payables	\$ 2,289,844	\$ 182,794
Holdbacks payable	180,000	181,633
Payroll liabilities	23,220	16,827
	<hr/> \$ 2,493,064	<hr/> \$ 381,254

DAUPHIN RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED MARCH 31, 2023

6. LONG-TERM DEBT

	2023	2022
CMHC Mortgage, bearing interest at 0.71%, repayable in blended monthly installments of \$4,139, maturing - November 1, 2038, secured by a government guarantee.	\$ 736,153	\$ 780,425
CMHC Mortgage, bearing interest at 0.68%, repayable in blended monthly installments of \$3,740, maturing - August 1, 2029, secured by a government guarantee.	281,681	324,486
	<hr/> \$ 1,017,834	<hr/> \$ 1,104,911

The estimated principal repayment terms for the next 5 years are approximately:

2024	\$ 87,674
2025	88,286
2026	88,901
2027	89,522
2028	90,146

7. SEGMENTS

The First Nation has six reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

- **Band Governance** - includes administration, governance and own source activities
- **Education** - includes the operations of education programs
- **Community Wellness** - reports on funding related to health and wellness of the Community
- **Housing** - includes activities related to the development and sustainment of on-reserve housing
- **Public Works** - includes activities for the maintenance and renovation of the community and its infrastructure
- **Social Services** - includes activities related to the delivery of social programs

8. CONTINGENCIES

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. At year-end, it was not yet determined to what extent any funding amounts related to the year ending March 31, 2023 might be recovered by these agencies.

DAUPHIN RIVER FIRST NATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED MARCH 31, 2023

9. TANGIBLE CAPITAL ASSETS

	COST		ACCUMULATED AMORTIZATION			NET BOOK VALUE		
	March 31, 2022	Additions	March 31, 2023	March 31, 2022	Amortization Expense	March 31, 2023	March 31, 2023	March 31, 2022
Infrastructure	\$ 285,339	\$ -	\$ 285,339	\$ 46,567	\$ 23,877	\$ 70,444	\$ 214,895	\$ 238,772
Water and sewer networks	20,586,859	-	20,586,859	1,029,343	195,575	1,224,918	19,361,941	19,557,516
Band buildings	24,624,182	13,619,080	38,243,262	2,666,169	575,351	3,241,520	35,001,742	21,958,013
CMHC buildings	1,462,896	-	1,462,896	497,385	87,076	584,461	878,435	965,511
Docks	241,273	-	241,273	38,920	20,235	59,155	182,118	202,353
Computers	-	56,021	56,021	-	8,403	8,403	47,618	-
Heavy equipment	-	1,470,134	1,470,134	-	147,013	147,013	1,323,121	-
Furniture and equipment	336,983	6,180	343,163	319,035	4,208	323,243	19,920	17,948
Vehicles	620,713	135,377	756,090	480,711	62,307	543,018	213,072	140,002
	\$ 48,158,245	\$15,286,792	\$ 63,445,037	\$ 5,078,130	\$ 1,124,045	\$ 6,202,175	\$ 57,242,862	\$ 43,080,115

DAUPHIN RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

MARCH 31, 2023

10. BUDGET INFORMATION

The disclosed budget information has been approved by the Chief and Council of Dauphin River First Nation. The budget figures have not been audited, reviewed or otherwise verified and consequently we do not express an opinion on them.

11. 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 unfavorably 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.

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, 2023, the First Nation has a bank balance of \$2,863,909 (2022 - \$4,270,078) and receivables of \$33,052 (2022 - \$44,133) to meet financial liabilities of \$3,496,780 (2022 - \$1,513,771). Management of the First Nation are working to reduce the net debt through maximization of revenues and careful management of expenditures.

12. ECONOMIC DEPENDENCE

The Dauphin River First Nation receives its revenues 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 Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

DAUPHIN RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED MARCH 31, 2023

13. EXPENSES BY OBJECT

	2023	2022
Amortization	\$ 1,124,045	\$ 1,043,435
Bank charges and interest	15,174	15,631
Community support	475,790	523,283
Income assistance	907,136	669,896
Insurance	101,386	100,480
Office	429,325	32,473
Professional fees	1,235,507	297,786
Program costs and activities	1,899,239	991,734
Repairs and maintenance	1,423,496	115,401
Travel	343,615	305,061
Utilities	245,645	194,859
Salaries and benefits	1,239,939	1,299,708
	<hr/> \$ 9,440,297	<hr/> \$ 5,589,747

14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

15. 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 2023-24 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 of \$4,047,864 owing related to this matter, should be recorded in these consolidated financial statements.

DAUPHIN RIVER FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED MARCH 31, 2023

16. SEGMENT DISCLOSURE

	BAND GOVERNANCE		EDUCATION		COMMUNITY WELLNESS		HOUSING	
	2023	2022	2023	2022	2023	2022	2023	2022
<u>REVENUES</u>								
Federal Government								
ISC	\$ 1,313,911	\$ 3,347,471	\$ 269,690	\$ 258,807	\$ 3,225,044	\$ 1,931,673	\$ 1,173,820	\$ -
CMHC	-	-	-	-	-	-	85,048	85,048
Other	336,230	606,111	-	1,140	-	65,000	92,004	76,116
	<u>1,650,141</u>	<u>3,953,582</u>	<u>269,690</u>	<u>259,947</u>	<u>3,225,044</u>	<u>1,996,673</u>	<u>1,350,872</u>	<u>161,164</u>
<u>EXPENDITURES</u>								
Debt servicing	7,678	8,013	-	-	-	-	7,496	7,618
Amortization	70,710	677,670	-	15,576	4,208	56,504	87,076	58,516
Other	1,702,127	1,277,847	229,261	167,009	2,117,184	685,840	951,165	43,324
Salaries and benefits	251,685	162,964	44,728	48,717	829,454	932,910	-	-
	<u>2,032,200</u>	<u>2,126,494</u>	<u>273,989</u>	<u>231,302</u>	<u>2,950,846</u>	<u>1,675,254</u>	<u>1,045,737</u>	<u>109,458</u>
SURPLUS (DEFICIT)	\$ (382,059)	\$ 1,827,088	\$ (4,299)	\$ 28,645	\$ 274,198	\$ 321,419	\$ 305,135	\$ 51,706

DAUPHIN RIVER FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED MARCH 31, 2023

16. SEGMENT DISCLOSURE (CONTINUED)

	PUBLIC WORKS		SOCIAL SERVICES		TOTAL	
	2023	2022	2023	2022	2023	2022
<u>REVENUES</u>						
Federal Government						
ISC	\$ 1,875,246	\$ 289,342	\$ 1,138,112	\$ 991,480	\$ 8,995,823	\$ 6,818,773
CMHC	-	-	-	-	85,048	85,048
Other	10,895	-	-	-	439,129	748,367
Deferred revenue	27,606	-	-	-	27,606	-
	<u>1,913,747</u>	<u>289,342</u>	<u>1,138,112</u>	<u>991,480</u>	<u>9,547,606</u>	<u>7,652,188</u>
<u>EXPENDITURES</u>						
Debt servicing	-	-	-	-	15,174	15,631
Amortization	962,052	235,169	-	-	1,124,046	1,043,435
Other	898,706	221,562	1,162,695	835,391	7,061,138	3,230,973
Salaries and benefits	114,072	93,432	-	61,685	1,239,939	1,299,708
	<u>1,974,830</u>	<u>550,163</u>	<u>1,162,695</u>	<u>897,076</u>	<u>9,440,297</u>	<u>5,589,747</u>
<u>SURPLUS (DEFICIT)</u>	<u>\$ (61,083)</u>	<u>\$ (260,821)</u>	<u>\$ (24,583)</u>	<u>\$ 94,404</u>	<u>\$ 107,309</u>	<u>\$ 2,062,441</u>