

**War Lake First Nation  
Consolidated Financial Statements**  
*March 31, 2022*

**War Lake First Nation**  
**Contents**  
*For the year ended March 31, 2022*

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## **Management's Responsibility**

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To the Chief and Council and Members of War Lake First Nation:

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

Management is responsible for the preparation and fair 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 policies 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 War Lake First Nation Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Chief and Council 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 Chief and Council and management to discuss their audit findings.



Band Administrator

## Independent Auditor's Report

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To the Members of War Lake First Nation:

### **Opinion**

We have audited the consolidated financial statements of War Lake First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2022, and the consolidated results of its operations, changes in its net financial assets 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.

### **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 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.

**ACCOUNTING > CONSULTING > TAX**

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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 achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities 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.

Winnipeg, Manitoba

December 21, 2022

*MNP LLP*

Chartered Professional Accountants

**MNP**  
LLP

**War Lake First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2022*

	2022	2021
<b>Financial assets</b>		
Cash and cash equivalents	1,999,460	3,185,822
Accounts receivable (Note 3)	3,947,442	1,529,685
Portfolio investments (Note 4)	60,064	60,064
Inventory for resale (Note 5)	135,544	115,716
Restricted cash and trust funds (Note 6)	366,758	207,534
	<b>6,509,268</b>	5,098,821
<b>Liabilities</b>		
Accounts payable and accruals (Note 7)	1,072,701	969,167
Deferred revenue (Note 8)	4,186,980	3,899,433
Due to related party (Note 9)	185,042	199,332
Advances (Note 10)	150,000	150,000
Long-term debt (Note 11)	1,456,990	1,358,994
Capital lease obligation (Note 12)	35,820	61,116
	<b>7,087,533</b>	6,638,042
<b>Net debt</b>	<b>(578,265)</b>	(1,539,221)
<b>Contingent liabilities (Note 18)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 13)	19,667,118	13,556,081
Prepaid expenses (Note 14)	23,941	22,564
	<b>19,691,059</b>	13,578,645
<b>Accumulated surplus (Note 15)</b>	<b>19,112,794</b>	12,039,424

Approved on behalf of Chief and Council

Betsy Kennedy  
John Hanson

Chief  
Councillor

Dawn Abbott

Councillor

**War Lake First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2022*

	<i>Schedules</i>	<i>2022 Budget</i>	2022	2021
<b>Revenue</b>				
Indigenous Services Canada (Note 16)		4,748,183	11,631,042	6,467,697
Canada Mortgage and Housing Corporation		572,187	85,754	91,011
Solicitor General		63,768	11,575	59,788
Other		1,480,080	3,157,920	3,188,396
Interest income		-	-	488
Province of Manitoba		182,322	171,576	184,527
Deferred revenue - prior year		3,874,868	3,899,433	3,589,629
Deferred revenue - current year		(712,919)	(4,186,980)	(3,899,433)
Cancellation of deferred revenue		-	-	(2,006,674)
		<b>10,208,489</b>	<b>14,770,320</b>	<b>7,675,429</b>
<b>Segment expenses</b>				
First Nation Management	3	1,492,072	1,637,425	1,742,429
Social Assistance	4	79,491	392,757	225,697
Economic Development	5	27,821	53,300	54,064
Hydro Development - Keeyask Project	6	74,158	57,463	71,897
Health Services	7	1,155,463	1,155,388	709,567
Operating Programs	8	2,208,706	1,852,539	1,638,980
Public Works	9	284,620	391,498	296,511
Capital	10	5,566,985	729,055	701,873
War Lake Convenience Store Ltd.	11	-	840,289	857,270
CMHC Housing Operations	12	118,076	122,631	153,136
War Lake First Nation Hydro Trust Funds	13	-	464,605	742,723
		<b>11,007,392</b>	<b>7,696,950</b>	<b>7,194,147</b>
<b>Surplus (deficit)</b>		<b>(798,903)</b>	<b>7,073,370</b>	<b>481,282</b>
<b>Accumulated surplus, beginning of year</b>		<b>11,558,142</b>	<b>12,039,424</b>	<b>11,558,142</b>
<b>Accumulated surplus, end of year</b>		<b>10,759,239</b>	<b>19,112,794</b>	<b>12,039,424</b>

*The accompanying notes are an integral part of these consolidated financial statements*

**War Lake First Nation**  
**Consolidated Statement of Changes in Net Debt**  
*For the year ended March 31, 2022*

	<b>2022 Budget</b>	<b>2022</b>	2021
<b>Annual surplus</b>	<b>(798,903)</b>	<b>7,073,370</b>	481,282
Purchases of tangible capital assets	-	(6,982,023)	(1,821,923)
Amortization of tangible capital assets	851,571	870,985	817,722
Change in prepaid expenses	-	(1,376)	1,099
<b>(Increase) decrease in net debt</b>	<b>52,668</b>	<b>960,956</b>	(521,820)
<b>Net debt, beginning of year</b>	<b>(1,539,221)</b>	<b>(1,539,221)</b>	(1,017,401)
<b>Net debt, end of year</b>	<b>(1,486,553)</b>	<b>(578,265)</b>	(1,539,221)

*The accompanying notes are an integral part of these consolidated financial statements*

**War Lake First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2022*

	2022	2021
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Surplus (deficit)	7,073,370	481,282
Non-cash items	870,985	817,722
Amortization	7,944,355	1,299,004
Changes in working capital accounts		
Accounts receivable	(2,417,757)	1,472,825
Inventory for resale	(19,828)	(20,565)
Accounts payable and accruals	103,534	370,570
Deferred revenue	287,547	309,804
Prepaid expenses	(1,376)	1,099
	<b>5,896,475</b>	3,432,737
<b>Financing activities</b>		
Change in amounts due to related party	(14,290)	(7,812)
Advances of long term debt	150,230	350,809
Repayment of long-term debt	(52,234)	(151,965)
Repayment of capital lease obligation	(25,296)	(25,998)
	<b>58,410</b>	165,034
<b>Capital activity</b>		
Purchases of tangible capital assets	<b>(6,982,023)</b>	(1,821,923)
<b>Investing activity</b>		
Restricted cash and trust funds	(159,224)	(43,938)
<b>Increase (decrease) in cash resources</b>	<b>(1,186,362)</b>	1,731,910
<b>Cash resources, beginning of year</b>	<b>3,185,822</b>	1,453,912
<b>Cash resources, end of year</b>	<b>1,999,460</b>	3,185,822

*The accompanying notes are an integral part of these consolidated financial statements*

**War Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

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**1. Operations**

War Lake First Nation (the "First Nation") is located in the Province of Manitoba, and provides various services to its Members. War Lake First Nation includes the First Nation government and all related entities that are either owned or controlled by the First Nation.

**2. 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:

***Reporting entity***

The War Lake First Nation reporting entity includes the First Nation government and all related enterprises that are accountable to the First Nation and are either owned or controlled by the First Nation. The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity.

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

- War Lake Administration
- War Lake Social Services
- War Lake Hydro Trust Funds
- War Lake Convenience Store Ltd.

All inter-entity balances have been eliminated on consolidation.

***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.

***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.

***Portfolio investments***

Investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

***Inventory for resale***

Inventory for resale is valued at the lower of cost and net realizable value. Cost is determined on the following basis:

Petroleum products	- Average cost
Confectionery and snacks	- Percentage of costs based on normal mark-up percentage

**War Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

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

***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 and delivering services. Assets under construction are not amortized until the asset is available to be put into service.

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

***Amortization***

Tangible capital assets are amortized annually using the declining balance method at rates intended to amortize the cost of the assets over their estimated useful lives:

	<b>Rate</b>
Buildings	4 %
Infrastructure	4 %
Vehicles	20 %
Equipment	10 - 20 %
CMHC Housing	4 %

***Capital lease***

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 the present value of the minimum lease payments.

Assets under capital leases are amortized over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

***Long-lived assets***

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, exceeds the value of future economic benefits associated with the asset.

Impairment is measured as the amount by which the assets carrying amount exceeds its residual value of the assets service potential to the First Nation. Any impairment is included in operations for the year.

***Funds held in 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 consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys 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.

***Net debt***

The First Nation's consolidated 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 financial assets less its financial liabilities. Net debt combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

**War Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

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

***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 and prepaid expenses.

***Liability for contaminated sites***

A liability for remediation of contaminated sites is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2022.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

***Revenue recognition***

Government transfer revenue, including, but not limited to, Indigenous Services Canada, Solicitor General, Province of Manitoba and Canada Mortgage and Housing Corporation funding is recognized as the funding becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt, and is matched with related department expenses in the year of their occurrence. Funding that is restricted for particular purposes is deferred and recognized when the eligible expenses have been incurred.

The First Nation recognizes 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 net of commissions paid to Manitoba Liquor and Lotteries Corporation. Management believes that it is appropriate to present these commissions net of gaming revenue as these amounts are fixed as per their agreement with Manitoba Liquor and Lotteries Corporation.

Rent and resident fees 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 for amounts designated as unlikely to be collected.

Investment and interest revenue is recognized on an accrual basis in the year that it is earned.

All other types of revenue are recognized by the First Nation when the services are provided or the goods are shipped and collectability is reasonably assured.

***Measurement uncertainty***

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of 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. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Deferred revenue is recorded based on management's analysis of the extent to which eligibility requirements have been met on government transfer revenue.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the consolidated statement of operations in the year in which they become known.

**War Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

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

**Segments**

The First Nation conducts its business through eleven reportable segments listed below. 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.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment.

- **First Nation Management** - activities include the governance function relating to decisions that define expectations, grant power or verify performance.
- **Social Assistance/Social Services** - activities include satisfying the economic, social or health related needs of members of the community who require assistance.
- **Economic Development** - activities include researching and accessing government funding.
- **Hydro Development** - maintaining office close to Manitoba Hydro head office for communication purposes related to the Keeyask project.
- **Health Services** - deliver health services to the First Nation.
- **Operating Programs** - activities include the planning, managing and delivery of various projects/programs involving various programs such as education, employment, infrastructure, repairs and maintenance and training.
- **Public Works** - activities include the development and maintenance of the community's infrastructure, buildings, roads, bridges and related equipment and the provision of other more specialized community services.
- **Capital** - activities include the planning, managing and delivery of large scale infrastructure and capital projects to the community.
- **CMHC Housing Operations** - activities include the management and maintenance of CMHC houses for community members.
- **War Lake First Nation Hydro Trust Funds** - include Ottawa Trust funds held in trust by Government of Canada for the First Nation members and War Lake First Nation Hydro Trust Funds which are available to members for discussion and negotiations with Manitoba Hydro involving environmental issues as a result of adverse effects due to the construction of a hydro dam and include travel expenses.
- **War Lake Convenience Store Ltd.** - operates a convenience store with Video Lottery Terminals onsite.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2 to the consolidated financial statements.

**Employee future benefits**

The First Nation's employee future benefit programs consist of defined contribution pension plans. As a defined contribution plan, the First Nation's contributions to the pension plans are expensed as incurred and no further liability exists.

**War Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

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

**Financial instruments**

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at fair value.

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.

The First Nation subsequently measures all financial instruments at amortized cost using the effective interest rate method. Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets are tested annually for impairment. Management considers all available information 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 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.

**3. Accounts receivable**

	<b>2022</b>	2021
Trade accounts receivable	1,596,239	982,311
Indigenous Services Canada	2,365,732	647,784
CMHC subsidy assistance receivable	7,368	5,395
Members	44,151	49,418
War Lake Convenience Store Ltd. - Trade accounts receivable	157,722	75,328
	<hr/>	<hr/>
Allowance for doubtful accounts	4,171,212	1,760,236
	223,770	230,551
	<hr/>	<hr/>
	3,947,442	1,529,685

The allowance for doubtful accounts pertains to trade accounts receivable and members.

**4. Portfolio investments**

	<b>2022</b>	2021
Missinippi Rail Limited Partnership	4	4
Keewatin Railway Corporation	60,012	60,012
Cree Nation Partners Limited Partnership #1	16	16
Cree Nation Partners Limited Partnership #2	16	16
Cree Nation Partners Limited Partnership #3	16	16
	<hr/>	<hr/>
	60,064	60,064

**5. Inventory for resale**

	<b>2022</b>	2021
War Lake Convenience Store Ltd.	135,544	115,716

Inventory consists of merchandise and fuel purchased for resale by War Lake Convenience Store Ltd.

**War Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

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**6. Restricted cash and trust funds**

Restricted cash is subject to the restrictions imposed upon by outside parties and can only be used for purposes specified.

	<b>2022</b>	<b>2021</b>
Ottawa Trust Funds	79	77
War Lake Hydro Trust	268,000	108,877
CMHC replacement reserve	98,679	98,580
	<b>366,758</b>	<b>207,534</b>

**Ottawa Trust Funds**

The Ottawa 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 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 to 69 of the Indian Act. Revenue from the Ottawa Trust Funds is recognized in the year in which it is earned when it is measurable and 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. Ottawa Trust Funds consist of the Capital Trust in the amount of \$2 (2021 - \$2) and the Revenue Trust in the amount of \$77 (2021 - \$75). Interest earned on the Ottawa Trust Funds totaled \$2 (2021 - \$nil).

**War Lake Hydro Trust**

War Lake Hydro Trust in trust for War Lake First Nation was established to monitor and account for the financial contributions made by Manitoba Hydro towards expenses incurred by War Lake First Nation involving negotiations and environmental issue concerns arising from the Keeyask Hydro Electric development at the Keeyask Rapids on the Nelson River.

**CMHC replacement reserve**

As required as part of the First Nation's Canada Mortgage and Housing Corporation ("CMHC") housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to the houses. Under the terms of the agreements with CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At March 31, 2022, the replacement reserve bank account is fully funded (2021 - fully funded).

**Operating reserve**

The First Nation's CMHC Housing Program receives funding pursuant to the Post 1997 - Fixed Subsidy Program. Any surpluses are externally restricted and reserved for future operating losses that relate to the operation of houses under this Program. These funds, along with accumulated interest, must be held in a separate bank account. Currently the reserve is \$nil (2021 - \$nil).

**7. Accounts payable and accruals**

	<b>2022</b>	<b>2021</b>
Indigenous Services Canada	25,346	25,346
Trade payables	1,047,355	943,821
	<b>1,072,701</b>	<b>969,167</b>

**War Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

**8. Deferred revenue**

	<b>2022</b>	<b>2021</b>
Indigenous Services Canada	3,713,072	3,474,117
Keewatin Tribal Council	286,021	286,021
Manitoba Hydro	160,237	139,295
Southeast Resource Development Council	27,650	-
	<b>4,186,980</b>	3,899,433

**9. Due to related party**

The amount is due to Mooseocoot Trust, a trust set up for the benefit of the War Lake First Nation members. The balance has no set terms of repayment, are measured at their exchange amount and is unsecured and non-interest bearing. During the year, the First Nation paid professional fees totalling \$nil (2021 - \$7,812) on behalf of Mooseocoot Trust. These costs are included in the consolidated statement of operations in the Operating Programs segment.

**10. Advances**

Advances consist of amounts received from Manitoba Hydro in the amount of \$150,000 (2021 - \$150,000) related to negotiations for Past Adverse Effects. The advances are non-interest bearing and due on demand.

**11. Long-term debt**

	<b>2022</b>	<b>2021</b>
CMHC mortgage repayable in monthly payments of \$1,943 per month including interest at 1.91% per annum, maturing October 2046 with the next scheduled renewal in October 2026, secured by a Ministerial guarantee and assignment of fire insurance for a two-unit rental housing project.	501,039	350,809
CMHC mortgage repayable in monthly payments of \$1,538 per month including interest at 0.96% per annum, maturing January 2035 with the next scheduled renewal in March 2026, secured by a Ministerial guarantee and assignment of fire insurance for a two-unit rental housing project.	222,769	239,005
CMHC mortgage repayable in monthly payments of \$1,235 per month including interest at 0.96% per annum, maturing February 2035 with the next scheduled renewal in March 2026, secured by a Ministerial guarantee and assignment of fire insurance for a two-unit rental housing project.	179,966	192,992
CMHC mortgage repayable in monthly payments of \$1,827 per month including interest at 2.70% per annum, maturing February 2038 with the next scheduled renewal in November 2023, secured by a Ministerial guarantee and assignment of fire insurance for a two-unit rental housing project.	283,711	297,812
CMHC mortgage repayable in monthly payments of \$967 per month including interest at 1.51% per annum, maturing November 2041 with the next scheduled renewal in November 2026, secured by a Ministerial guarantee and assignment of fire insurance for a four-unit rental housing project.	197,505	206,376
Fox River Camp loan, unsecured, due on demand without interest.*	72,000	72,000
	<b>1,456,990</b>	1,358,994

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:

**War Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

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

2023	142,362
2024	71,416
2025	72,488
2026	73,579
2027	74,689
Thereafter	1,022,456

\*During the year there have not been any payments made regarding the Fox River Camp Loan. The First Nation is currently in discussions with the vendor to ensure all agreed upon items are executed appropriately after which final payments will subsequently be made.

**12. Capital lease obligation**

	<b>2022</b>	<b>2021</b>
Obligation under capital lease repayable in monthly payments of \$2,322 including interest at 4.99% per annum, due August 21, 2023, with a 2018 John Deere 524KXDW loader having a net book value of \$144,888 (2021 - \$169,036) pledged as collateral.	35,820	61,116

The First Nation has the option to buy the Loader for \$1 when the lease expires.

Minimum lease payments related to the obligation under capital lease are as follows:

2023	27,858
2024	9,286
	37,144
Less: imputed interest	1,324
	35,820

**13. Tangible capital assets**

	<b>Cost</b>	<b>Additions</b>	<b>Transfers/ Disposals</b>	<b>Accumulated amortization</b>	<b>2022 Net book value</b>
Land	33,000	-	-	-	33,000
Buildings	5,189,972	-	-	3,493,737	1,696,235
Infrastructure	6,692,603	-	-	2,538,537	4,154,066
Vehicles	892,863	155,447	-	711,736	336,574
Equipment	2,746,067	48,112	-	1,800,245	993,934
CMHC Housing	1,507,339	548,615	-	779,650	1,276,304
Assets under construction	4,947,156	6,778,464	548,615	-	11,177,005
	<b>22,009,000</b>	<b>7,530,638</b>	<b>548,615</b>	<b>9,323,905</b>	<b>19,667,118</b>

**War Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

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**13. Tangible capital assets** *(Continued from previous page)*

	Cost	Additions	Transfers/ Disposals	Accumulated amortization	2021 Net book value
Land	33,000	-	-	-	33,000
Buildings	5,189,972	-	-	3,317,018	1,872,954
Infrastructure	6,692,603	-	-	2,278,433	4,414,170
Vehicles	592,572	300,291	-	567,942	324,921
Equipment	2,203,543	542,524	-	1,569,489	1,176,578
CMHC Housing	1,507,339	-	-	720,037	787,302
Assets under construction	3,968,048	979,108	-	-	4,947,156
	20,187,077	1,821,923	-	8,452,919	13,556,081

Included in current year tangible capital assets additions are \$6,771,849 (2021 - \$437,108) of assets under construction related to the Lagoon Project and \$6,615 (2021 - \$542,000) of assets under construction related to CMHC housing.

Amortization expense of \$870,985 (2021 - \$817,722) was recorded in the consolidated statement of operations and accumulated surplus. Total amortization expense comprises \$176,719 amortization for buildings (2021 - \$153,759), \$260,104 for infrastructure (2021 - \$260,104), \$143,794 for vehicles (2021 - \$112,703), \$230,755 for equipment (2021 - \$230,862), and \$59,613 for CMHC Housing (2021 - \$60,294).

**14. Prepaid expenses**

	2022	2021
Insurance	-	22,564
Social assistance	934	-
Lagoon project	23,007	-
	23,941	22,564

**15. Accumulated surplus**

Accumulated surplus consists of the following:

	2022	2021
Investment in tangible capital assets	18,174,309	12,135,971
Unrestricted accumulated surplus (deficit)	875,088	(149,823)
Ottawa Trust Funds	79	77
CMHC replacement reserve - required balance	63,318	53,199
	19,112,794	12,039,424

**War Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

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**16. Indigenous Services Canada funding**

	<b>2022</b>	<b>2021</b>
Indigenous Services Canada confirmation balance	<b>11,500,262</b>	6,467,697
Accrual for High Cost Special Education costs not yet submitted for reimbursement	<b>130,780</b>	-
<b>Indigenous Services Canada per consolidated financial statements</b>	<b>11,631,042</b>	6,467,697

**17. Economic dependence**

War Lake First Nation receives the majority of its revenue from Indigenous Services Canada ("ISC") and Health Canada 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.

**18. Contingent liabilities**

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. These federal government agencies may disallow certain expenses, deeming them to be ineligible. Adjustments, if any, for disallowed expenses will be accounted for in the year of determination. The First Nation has not yet determined to what extent any further funding amounts related to the year ended March 31, 2022 might be recovered.

**19. Provision for site rehabilitation**

The Manitoba Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive lagoon and landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste lagoon and landfill sites including covering and landscaping and ongoing environmental monitoring, site inspection and maintenance.

As directed by PS 3270, a liability must be 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 to the extent of the proportion of site capacity used compared to 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 asset service potential, are expensed in the current year.

At year-end, the extent to which the First Nation is bound by environmental laws of the Manitoba Environmental Protection Act was not determinable, and therefore, no liability has been recorded in these consolidated financial statements.

**20. Budget information**

The disclosed budget information has been approved by the Chief and Council of the War Lake First Nation on May 12, 2021.

**21. First Nations Financial Transparency and Accountability Act**

The First Nation is required by the First Nations Financial Transparency and Accountability Act to post its consolidated financial statements on a website and submit the consolidated financial statements to Indigenous Services Canada by July 31, 2022. As the audit report date is dated after this date, the First Nation is not in compliance with this requirement. The possible effect of this non-compliance has not yet been determined.

**War Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

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**22. Significant event**

During the prior fiscal year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the First Nation's financial condition.

**23. Comparative figures**

Certain comparative figures have been reclassified to conform with current year's presentation.

**War Lake First Nation**  
**Schedule 1 - Consolidated Schedule of Expenses by Object**  
*For the year ended March 31, 2022*

	<b>2022 Budget</b>	<b>2022</b>	<b>2021</b>
<b>Consolidated expenses by object</b>			
Administration	4,374	28,127	16,524
Amortization	851,571	870,985	817,722
Audit fees	100,700	90,451	100,909
Bad debts (recovery)	-	(6,781)	168,694
Band housing repairs and maintenance	20,500	-	-
Bank charges and interest	11,150	20,226	11,089
Board travel, training and honouraria	22,000	7,206	18,831
Chief and Council	129,073	96,563	95,953
Commissions	-	5,606	592
Community events	217,200	312,541	261,127
Consulting	4,031,781	360,328	661,790
Cost of sales	-	630,275	599,358
Freight and postage	24,864	1,799	40,262
Fuel	39,332	119,998	172,302
Furniture and equipment	224,000	143,050	56,879
Honouraria	-	38,000	25,000
Insurance	124,261	169,146	139,062
Interest on long-term debt	16,212	19,612	17,747
Meeting	600	4,038	599
Miscellaneous	507,975	(95,612)	(4,639)
Office equipment lease	6,660	506	3,500
Office rent	31,600	66,600	21,120
Office supplies and expenses	93,533	172,737	93,662
Pension	1,568	11,349	8,865
Professional fees	146,364	211,261	231,183
Program education	38,236	67,761	49,071
Program expense	435,279	46,756	168,851
Renovations	14,074	2,753	3,571
Rent	80,190	183,219	200,058
Repairs and maintenance	1,612,243	886,682	609,238
Salaries and benefits	1,124,798	1,501,308	1,435,196
Social assistance	-	112,301	97,622
Special projects	10,465	20,718	48,000
Supplies	67,520	239,043	57,801
Telephone	47,150	76,396	51,763
Training	15,892	13,264	7,488
Transportation	49,396	55,750	28,174
Travel	102,124	222,216	88,028
Tuition costs	504,413	766,375	645,767
Utilities	102,920	67,823	80,787
Vehicle	197,374	156,574	64,601
	<b>11,007,392</b>	<b>7,696,950</b>	<b>7,194,147</b>

**War Lake First Nation**  
**Schedule 2 - Consolidated Summary Schedule of Segment Revenue and Expenses**

For the year ended March 31, 2022

	Total Revenue	Total Expenses	Transfers From (To)	Current Year Surplus (Deficit)	Prior Year Surplus (Deficit)
<b>Operations</b>					
First Nation Management	1,165,892	1,637,425	(56,266)	(527,799)	(863,522)
Social Assistance	351,590	392,757	-	(41,167)	(2,922)
Economic Development	51,449	53,300	-	(1,851)	-
Hydro Development - Keeyask Project	64,747	57,463	-	7,284	(5,209)
Health Services	1,240,222	1,155,388	-	84,834	653,415
Operating Programs	2,475,558	1,852,539	(45,335)	577,684	232,134
Public Works	267,665	391,498	74,518	(49,315)	(50,880)
Capital	7,616,540	729,055	-	6,887,485	590,983
War Lake Convenience Store Ltd.	968,636	840,289	-	128,347	(39,026)
CMHC Housing Operations	103,416	122,631	27,083	-	(33,691)
War Lake First Nation Hydro Trust Funds	464,605	464,605	-	7,868	-
<b>Total</b>	<b>14,770,320</b>	<b>7,696,950</b>	<b>-</b>	<b>7,073,370</b>	<b>481,282</b>