

**Wuskwi Sipihk First Nation  
Consolidated Financial Statements**

*March 31, 2023*

# **Wuskwi Sipihk First Nation**

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*For the year ended March 31, 2023*

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## Management's Responsibility

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To the Members of Wuskwi Sipihk First Nation:

The accompanying financial statements of Wuskwi Sipihk First Nation are the responsibility of management and have been approved by the Chief and Council.

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

In discharging its responsibilities for the integrity and fairness of the 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 financial statements.

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

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



Chief



Finance  
Administrator

## Independent Auditor's Report

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To the Members of Wuskwi Sipihk First Nation:

### **Opinion**

We have audited the consolidated financial statements of Wuskwi Sipihk First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2023, the consolidated statement of operations and accumulated surplus, remeasurement gains and losses, 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, 2023, and the results of its operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 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 achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Swan River, Manitoba

March 21, 2024

**MNP LLP**

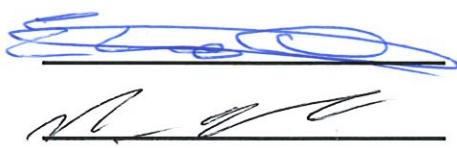
Chartered Professional Accountants

**MNP**  
LLP

**Wuskwi Sipihk First Nation**  
**Statement of Financial Position**  
*As at March 31, 2023*

	2023	2022
<b>Financial assets</b>		
Cash and cash equivalents	6,090,641	1,833,452
Restricted cash (Note 4)	855,996	1,138,951
Accounts receivable (Note 5)	2,307,667	2,814,969
Inventory for resale	109,515	114,431
Investments	201	240
Investments in First Nation partnerships (Note 6)	115,545	152,863
	9,479,565	6,054,906
<b>Liabilities</b>		
Accounts payable and accruals (Note 7)	3,689,702	930,171
Deferred revenue (Note 8)	6,252,940	5,877,282
Long-term debt (Note 9)	6,852,205	4,316,188
	16,794,847	11,123,641
<b>Net debt</b>	(7,315,282)	(5,068,735)
<b>Commitments and contingencies (Note 16)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 10) (Schedule 1)	51,214,995	47,459,847
Prepaid expenses and deposits (Note 11)	1,930,564	25,803
	53,145,559	47,485,650
<b>Accumulated surplus</b>	45,830,277	42,416,915

Approved on behalf of the Chief and Council




**Wuskwi Sipihk First Nation**  
**Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2023*

	<b>2023 Budget</b>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>			
Indigenous Services Canada (ISC) (Note 13)	3,863,493	10,595,225	12,259,265
Indigenous Services Canada - Health (Note 13)	2,418,277	3,587,086	3,132,039
Employment and Social Development Canada (Note 13)	-	152,695	152,695
Canada Mortgage and Housing Corporation (Note 13)	-	142,081	2,109,799
Northern Affairs Canada (TLE)	-	1,000,000	-
Gas Bar sales	-	1,523,969	1,419,319
Video Lottery Terminals	-	116,374	79,062
User fees	-	6,000	217,094
Rental income	-	298,492	161,021
Manitoba Hydro	-	110,911	93,726
Other revenue	369,782	893,430	919,298
Deferred revenue from the prior year	380,000	5,876,283	3,968,038
Deferred revenue to following year	-	(6,252,940)	(5,876,283)
Earnings (loss) from investment in Nation partnerships	-	(37,318)	(198,305)
Repayment of funding	-	-	(185,417)
First Nations Lands Management - Forestry	-	465,000	-
Government of Manitoba - Justice	-	380,765	-
First Nations Drinking Water Class Action settlement	-	500,000	-
	<b>7,031,552</b>	<b>19,358,053</b>	<b>18,251,351</b>
<b>Program expenses</b>			
Band Government and General Operations (ISC)	4,487,917	7,076,625	5,548,470
Health programs	2,371,365	3,601,330	3,007,826
Administration and Housing	-	2,032,272	1,710,350
Gas Bar	-	1,629,363	1,445,229
Capital	-	998,259	494,777
TLE Settlement	-	643,459	-
VLT	-	53,526	90,222
Own Source Education	-	19,209	20,289
Motel	-	9,335	-
	<b>6,859,282</b>	<b>16,063,378</b>	<b>12,317,163</b>
<b>Surplus before other items</b>	<b>172,270</b>	<b>3,294,675</b>	<b>5,934,188</b>
<b>Other income</b>			
Fuel tax rebates	-	50,913	51,198
Tobacco tax rebates	-	67,774	75,735
	<b>-</b>	<b>118,687</b>	<b>126,933</b>
<b>Surplus</b>	<b>172,270</b>	<b>3,413,362</b>	<b>6,061,121</b>
<b>Accumulated surplus, beginning of year</b>	<b>42,416,915</b>	<b>42,416,915</b>	<b>36,355,794</b>
<b>Accumulated surplus, end of year</b>	<b>42,589,185</b>	<b>45,830,277</b>	<b>42,416,915</b>

**Wuskwi Sipihk First Nation**  
**Statement of Change in Net Debt**  
*For the year ended March 31, 2023*

	<b>2023 Budget</b>	<b>2023</b>	2022
<b>Annual surplus</b>	<b>172,270</b>	<b>3,413,362</b>	6,061,121
Purchases of tangible capital assets	-	(5,845,883)	(8,414,895)
Amortization of tangible capital assets	-	2,090,735	1,431,070
Proceeds of disposal of tangible capital assets	-	-	28,000
Acquisition of prepaid expenses	-	(1,904,761)	-
Use of prepaid expenses	-	-	31,936
<b>(Increase) decrease in net debt</b>	<b>172,270</b>	<b>(2,246,547)</b>	(862,768)
<b>Net debt, beginning of year</b>	<b>(5,068,735)</b>	<b>(5,068,735)</b>	(4,205,967)
<b>Net debt, end of year</b>	<b>(4,896,465)</b>	<b>(7,315,282)</b>	(5,068,735)

**Wuskwi Sipihk First Nation**  
**Statement of Cash Flows**  
*For the year ended March 31, 2023*

	<b>2023</b>	<b>2022</b>
<b>Cash provided by (used for) the following activities:</b>		
<b>Operating activities</b>		
Surplus	3,413,362	6,061,121
Non-cash items:		
Amortization	2,090,735	1,431,074
Deferred revenue from prior year (net of deferrals in current year)	375,657	1,908,244
Loss from investment in Nation partners	37,318	198,305
Changes in working capital accounts:		
Accounts receivable	507,299	(1,716,619)
Prepaid expenses	(1,904,761)	31,936
Accounts payable and accruals	2,759,531	(1,770,878)
Restricted cash	282,955	1,918,757
Investments	43	-
Inventory held for sale	4,916	(27,302)
	<b>7,567,055</b>	8,034,638
<b>Financing activities</b>		
Advances of long-term debt	4,025,250	1,923,196
Repayment of long-term debt	(1,489,233)	(849,920)
	<b>2,536,017</b>	1,073,276
<b>Capital activities</b>		
Purchases of tangible capital assets	(5,845,883)	(8,414,895)
Proceeds of disposal of tangible capital assets	-	28,000
	<b>(5,845,883)</b>	(8,386,895)
<b>Increase in cash resources</b>	<b>4,257,189</b>	721,019
<b>Cash resources, beginning of year</b>	<b>1,833,452</b>	1,112,433
<b>Cash resources, end of year</b>	<b>6,090,641</b>	1,833,452

**Wuskwi Sipihk First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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**1. Operations**

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

**2. Change in accounting policies**

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

**Asset retirement obligations**

Effective April 1, 2022, the First Nation adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 Asset Retirement Obligations. The new standard establishes when to recognize and how to measure the liability for an asset retirement obligation, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

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

**Financial instruments**

Effective April 1, 2022, the First Nation adopted the Public Sector Accounting Board's (PSAB) new recommendations for the recognition, measurement, presentation and disclosure of financial assets, financial liabilities and derivatives under Section PS 3450 *Financial Instruments*. The new Section is applied prospectively, and prior periods have not been restated. There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

**3. Significant accounting policies**

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

**Reporting entity**

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities and partnerships. Trusts administered on behalf of third parties by Wuskwi Sipihk First Nation are excluded from the First Nation reporting entity.

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

- Wuskwi Sipihk First Nation Band Governance and Administration
- Wuskwi Sipihk First Nation Capital Facilities
- Wuskwi Sipihk First Nation Community Services
- Wuskwi Sipihk First Nation Education Authority
- Wuskwi Sipihk First Nation Economic Development
- Wuskwi Sipihk First Nation Employment, Training and Daycare
- Wuskwi Sipihk First Nation Gas Bar
- Wuskwi Sipihk First Nation Health Authority
- Wuskwi Sipihk First Nation Housing Authority
- Wuskwi Sipihk First Nation Social Services

**Wuskwi Sipihk First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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

- Wuskwi Sipihk First Nation Video Lottery Terminals (VLT)
- Wuskwi Sipihk First Nation Motel
- Wuskwi Sipihk First Nation TLE Settlement

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Investments in First Nation partnerships are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Aseneskak Casino Limited Partnership
- Aseneskak Company Inc.
- Mahihkan Bus Lines Limited Partnership
- Mahihkan Bus Lines General Partner Inc.
- Nekote Limited Partnership
- Nekote General Partner Inc.

***Basis of presentation***

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

***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.

***Inventory***

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

Inventory held for resale is classified as a financial asset when all of the following criteria are met:

- Prior to March 31, 2023, the First Nation has committed to sell the asset;
- The asset is in a condition to be sold;
- The asset is publicly seen to be for sale;
- There is an active market for the asset;
- A plan exists for selling the asset; and
- A sale to a party external to the First Nation can reasonably be expected within one year

**Wuskwi Sipihk First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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

***Tangible capital assets***

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

***Amortization***

Social housing assets acquired under Canada Mortgage and Housing Corporation ("CMHC") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long-term debt. Amortization for other tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives (amortization is recorded at one-half the normal rate in the year of acquisition):

	<b>Method</b>	<b>Rate</b>
Land improvements	declining balance	3 - 10 %
Buildings	declining balance	2 - 4 %
Roads and bridges	declining balance	2 - 5 %
Water and sewer	declining balance	2 - 5 %
Housing	declining balance	2 - 4 %
Equipment and computers	declining balance	5 - 25 %
Vehicles	declining balance	10 - 30 %

***Long-term debt***

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

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

***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 statement of financial position with an offsetting amount in accumulated operating surplus. Trust moneys consist of:

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

***Long-lived assets and discontinued operations***

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

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

***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.

**Wuskwi Sipihk First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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

***Provision for site rehabilitation***

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

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

***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 their 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 investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The First Nation has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments, etc. in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

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

**Wuskwi Sipihk First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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

**Revenue recognition**

**Government Transfers**

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

**Rental and other revenue**

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

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

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

**Gaming revenue**

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

**Insurance proceeds**

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

**Inter-entity transactions**

The First Nation recognizes and records all transactions with entities within the First Nation reporting entity ("inter-entity transactions") at their carrying amount as determined at the transaction date.

**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 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. Payable to funding agencies is based on anticipated repayment requirements; however, actual repayments will be determined upon funding agencies review of the consolidated financial statements. Deferred revenue is recorded based on management's analysis of the extent to which eligibility requirements have been met on government transfer revenue.

A liability for an asset retirement obligation reflects management's best estimate of the amount required to retire the related tangible capital asset (or component thereof). The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future asset retirement. Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized. No asset retirement obligations were identified as at March 31, 2023.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be material. Those estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

**Wuskwi Sipihk First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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

***Liability for contaminated site***

A liability for a contaminated site reflects management's best estimate of the amount required to remediate the contaminated site. The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future site remediation.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

***Segments***

The First Nation conducts its business through nine reportable segments:

- Gas Bar - activities include providing retail services within the community for fuel, tobacco and grocery products.
- Video Lottery Terminals - activities include providing a form of gaming entertainment for community members which generates revenue for discretionary needs of the community members.
- Administration and Housing - includes the administration and governance function relating to decisions that define expectations, grant power or verify performance consisting of decision-making and leadership processes.
- Own Source Education - activities include overseeing many aspects of educational opportunities for the First Nation community members at all levels of learning both within the community and externally.
- Other - other various activities carried out utilizing own-source funds.
- Band Government and Administration (ISC) - activities include administering various ISC funded programming, including such areas as public works and capital projects, economic development, employment and training, social assistance, education, etc.
- Health programs - activities include the delivery of programs to promote community-based health initiatives and non-insured health benefits.
- Capital - activities include the purchase and/or construction of major capital projects for the First Nation.
- Motel - activities include providing rental services of the motel which generates revenue for discretionary needs of the community members.
- TLE Settlement - activities include the management and administration of funds received related to the treaty land entitlement claim.

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 and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

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

***Employee future benefits***

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

**Wuskwi Sipihk First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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**4. Restricted cash**

	2023	2022
Ottawa Trust Fund	19,168	18,593
New School	4,704	169,077
Lagoon	475,583	951,281
TLE Settlement	356,541	-

***Ottawa Trust Fund***

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

***New School***

During the year, the First Nation received funding from Indigenous Services Canada to be used for the construction of a new school. As at March 31, 2023, a balance of \$4,704 (2022 - \$169,077) remained unspent and externally restricted for that purpose.

***Lagoon***

During the year, the First Nation received funding from Indigenous Services Canada to be used for the construction of a new lagoon. As at March 31, 2023, a balance of \$475,583 (2022 - \$951,281) remained unspent and externally restricted for that purpose.

***TLE Settlement***

During the year, the First Nation received funding from Northern Affairs Canada related to the treaty land entitlement claim. As at March 31, 2023, a balance of \$356,541 remained unspent and externally restricted for that purpose.

**5. Accounts receivable**

	2023	2022
Northern Affairs Canada (TLE)	1,000,000	-
Indigenous Services Canada	188,641	273,163
Fuel and tobacco tax rebates	28,306	28,485
GST receivable	2,623	2,325
Trade and other	1,282,835	721,582
Canada Mortgage and Housing Corporation	51,248	2,008,360
	<hr/>	<hr/>
Less: Allowance for doubtful accounts	2,553,653	3,033,915
	<hr/>	<hr/>
	2,307,667	2,814,969

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

- \$ 22,241 - Band Support (Q31K) 18/19
- \$ 15,426 - In-Home Care (Q2BF) 20/21
- \$ 71,088 - Design-Construction (Q3XG) 22/23
- \$ 79,886 - Prov School Tuition (Q2EG) 21/22
- \$ 188,641

**Wuskwi Sipihk First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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**6. Investments in First Nation partnerships**

The First Nation has investments in the following partnerships:

	<i>Investment cost</i>	<i>Cumulative share of earnings (loss)</i>	<i>Cumulative dividends paid</i>	<i>Total investment</i>
<b>First Nation Business Partnerships – Modified Equity:</b>				
Aseneskak Casino Limited Partnership - 14.29%	385,000	1,561,134	(1,399,672)	546,462
Mahihkan Bus Lines Limited Partnership - 16.67%	10	(428,292)	-	(428,282)
Nekote Limited Partnership - 14.29%	-	(2,635)	-	(2,635)
	<b>385,010</b>	<b>1,130,207</b>	<b>(1,399,672)</b>	<b>115,545</b>
2022				
	<i>Investment cost</i>	<i>Cumulative share of earnings (loss)</i>	<i>Cumulative dividends paid</i>	<i>Total investment</i>
<b>First Nation Business Partnerships – Modified Equity:</b>				
Aseneskak Casino Limited Partnership - 14.29%	385,000	1,513,966	(1,399,672)	499,294
Mahihkan Bus Lines Limited Partnership - 16.67%	10	(343,806)	-	(343,796)
Nekote Limited Partnership - 14.29%	-	(2,635)	-	(2,635)
	<b>385,010</b>	<b>1,167,525</b>	<b>(1,399,672)</b>	<b>152,863</b>

The First Nation's investment in Aseneskak Casino Limited Partnership was established for the purposes of developing and operating a First Nations casino on the Opaskwayak Cree Nation (OCN) Reserve, in Manitoba, licensed by the Manitoba Gaming Control Commission (MGCC). Wuskwi Sipihk First Nation owns one unit of the limited partnership, which represents 14.29% ownership interest. The First Nation also owns a 14.29% ownership interest in Aseneskak Company Inc. which operates as the general partner for the limited partnership.

The First Nation, as a limited partner in the Aseneskak Casino Limited Partnership, has guaranteed the obligations of the Limited Partnership to a maximum of \$1.05 million.

The First Nation's investment in Mahihkan Bus Lines Limited Partnership was established for the purposes of developing and operating a First Nations tour and bus line business. Wuskwi Sipihk First Nation owns one unit of the limited partnership, which represents a 16.67% ownership interest. The First Nation also owns a 16.67% ownership interest in Mahihkan Bus Lines General Partner Inc. which operates as the general partner for the limited partnership. The COVID-19 outbreak has caused significant declines in travel demand and resulted in a reduction to the partnership's revenue at an important time in its development. This partnership's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining financing or maintaining continued support from its partners and creditors and generating profitable operations in the future. As a result, a material uncertainty about the partnership's ability to continue as a going concern was noted in audited financial statements for the year-ended March 31, 2023 for Mahihkan Bus Lines LP.

The First Nation's investment in Nekote Limited Partnership was established for the purpose of developing and maintaining sound forest management practices and to maximize economic opportunities and benefits for its First Nation partners' through strategic partnerships with companies operating in the forestry industry in Northern Manitoba. Wuskwi Sipihk First Nation owns one unit of the partnership, which represents a 14.29% interest. The First Nation also owns a 14.29% ownership interest in Nekote General Partner Inc. which operates as the general partner for the limited partnership.

**Wuskwi Sipihk First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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**6. Investments in First Nation partnerships** *(Continued from previous page)*

Summary financial information for each First Nation business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

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

**Wuskwi Sipihk First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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**7. Accounts payable and accruals**

	<b>2023</b>	<b>2022</b>
Indigenous Services Canada	224,313	224,313
Indigenous Services Canada - Health	48,386	48,386
Accrued liabilities	55,712	49,067
Accrued wages and source deductions	115,551	121,952
Trade and other	2,775,139	399,319
Sales tax payable	16,650	21,138
Construction in progress	453,951	65,996
	<b>3,689,702</b>	930,171

Indigenous Services Canada accounts payable consists of the following:

\$ 27,000 - New paths  
 \$ 49,411 - Social assistance  
 \$ 9,338 - Prevention projects  
 \$ 9,032 - Skills links  
 \$ 18,876 - In home care - 2013/14  
 \$ 53,300 - Basic needs and in home care - 2018/19  
 \$ 31,348 - Basic needs - 2019/20  
 \$ 4,940 - Special needs - 2019/20  
 \$ 6,549 - In home care - 2019/20  
\$ 14,519 - In home care - 2021/22  
 \$ 224,313

Indigenous Services Canada - Health accounts payable consists of the following:

\$ 9,989 - Service delivery - 2017-18  
 \$ 2,264 - Health other - 2014/15  
\$ 36,133 - Medical transportation - 2021/22  
 \$ 48,386

**Wuskwi Sipihk First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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**8. Deferred revenue**

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year, March 31, 2022</i>	<i>Funding received 2023</i>	<i>Revenue recognized 2023</i>	<i>Balance, end of year, March 31, 2023</i>
Indigenous Services Canada - Economic Development	43,993	16,776	58,669	2,100
Indigenous Services Canada - Basic Needs	55,840	1,010,968	1,006,092	60,716
Indigenous Services Canada - Skills Link	8,761	-	-	8,761
Indigenous Services Canada - Provincial/Private ADM	13,711	33,356	28,521	18,546
Indigenous Services Canada - Provincial/Private Student Support	-	7,792	7,382	410
Indigenous Services Canada - Capacity Support	41,827	-	41,827	-
Indigenous Services Canada - FN School Second Level	62,216	92,687	150,281	4,622
Indigenous Services Canada - Post Secondary Education	156,586	218,399	374,985	-
Indigenous Services Canada - Student Accommodation	44,774	254,020	217,989	80,805
Indigenous Services Canada - Student Transportation	-	40,358	28,237	12,121
Indigenous Services Canada - Perimeter Security	14,626	-	14,626	-
Indigenous Services Canada - Community Based Initiative	6,460	98,240	104,700	-
Indigenous Services Canada - Capacity and Innovation	6,976	-	6,976	-
Indigenous Services Canada - FN School Formula	417,037	963,418	1,286,933	93,522
Indigenous Services Canada - Asset Management	17,300	-	17,300	-
Indigenous Services Canada - Roads and Bridges	107,334	171,763	279,097	-
Indigenous Services Canada - Plan Risk Management	49,410	-	49,410	-
Indigenous Services Canada - Housing Renovations and Additions	96,000	-	96,000	-
Indigenous Services Canada - Housing Construction	1,118,978	-	1,012,500	106,478
Indigenous Services Canada - Covid OSR	100,000	-	15,000	85,000
Indigenous Services Canada - Covid School Reopen	6,686	-	6,686	-
Indigenous Services Canada - Service Delivery	14,993	113,165	128,158	-
Indigenous Services Canada - Capital (New School)	103,081	1,391,694	1,418,982	75,793
Indigenous Services Canada - Capital (New Lagoon)	951,281	-	499,649	451,632
Indigenous Services Canada - Adjust Ed	-	73,349	15,761	57,588
Indigenous Services Canada - Basic Admin	-	55,000	15,000	40,000
Indigenous Services Canada - Design and Construction	-	1,609,750	-	1,609,750
Indigenous Services Canada - Least Disruptive Measures	-	319,130	286,591	32,539
Indigenous Services Canada - Basic Needs Inflation Relief	-	105,300	-	105,300
Indigenous Services Canada - Other Health Programs	305,885	3,280,456	3,006,088	580,253
Employment and Social Development Canada	119,102	152,695	145,047	126,750
CMHC Housing - special contribution and rent	2,000,000	128,158	319,125	1,809,033
Other - insurance proceeds and rent	1,000	-	1,000	-
Other - grants	13,425	63,426	42,171	34,680
First Nations Drinking Water Class Action settlement	-	500,000	-	500,000
Northern Affairs Canada (TLE)	-	1,000,000	643,459	356,541
	<b>5,877,282</b>	<b>11,699,900</b>	<b>11,324,242</b>	<b>6,252,940</b>

**Wuskwi Sipihk First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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**9. Long-term debt**

	<b>2023</b>	<b>2022</b>
Canada Mortgage and Housing Corporation - (Phase 1) mortgage repayable in monthly installments of \$2,512 with interest at 2.4% included therein, due July 1, 2025, with renewal date of May 2023, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	68,333	96,475
Canada Mortgage and Housing Corporation - (Phase 2) mortgage repayable in monthly installments of \$4,292 with interest at 1.82% included therein, due June 1, 2029, with renewal date of May 2023, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	304,073	349,612
Canada Mortgage and Housing Corporation - (Phase 3) mortgage repayable in monthly installments of \$4,092 with interest at 1.62% included therein, due March 1, 2033, with renewal date of May 2023, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	453,183	494,604
Canada Mortgage and Housing Corporation - (Phase 4) mortgage repayable in monthly installments of \$4,555 with interest at 2.4% included therein, due July 1, 2033, with renewal date of May 2023, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	500,087	542,258
Canada Mortgage and Housing Corporation - (Phase 6) mortgage repayable in monthly installments of \$2,694 with interest at 3.29% included therein, due September 1, 2037, with renewal date of September 2027, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	372,938	393,978
Canada Mortgage and Housing Corporation - (Phase 7) mortgage repayable in monthly installments of \$2,848 with interest at 1.51% included therein, due November 1, 2041, with renewal date of November 2026, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	555,813	581,412
First Nations Bank - advances received for the construction of a oil change service station and multiplex to an authorized loan maximum of \$3,937,000 bearing interest at prime plus 1.65% (8.85%) with payment terms to be finalized upon project completion secured by assets under construction with net book value of \$993,250:	993,250	-
First Nations Bank - loan repayable in monthly installments of \$12,035 with interest at 7.34% included therein, due February 1, 2043, with a renewal date of February 1, 2024, secured by a general security agreement and an assignment of fire insurance:	1,508,479	-
First Nations Bank - loan repayable in monthly installments of \$7,446 with interest at prime plus 1.65% (8.85%) (2022 - 4.35%) included therein, due December 1, 2026, secured by a general security agreement over assets and a Band Council Resolution redirecting all funds from Indigenous Services Canada, VLT revenue and Province of Manitoba rebates to the financial institution:	316,783	383,654
First Nations Bank - loan repayable in monthly interest only installments of prime plus 1.55% (8.75%), due April 30, 2023, secured by a Band Council Resolution redirecting \$1,000,000 of funding from Northern Affairs Canada to the financial institution:	1,000,000	-
Manitoba Liquor and Lotteries Corporation - loan repayable in weekly installments of \$349 with interest at 2.9% included therein, due June 2029, secured by VLT machines with a net book value of \$98,571 :	105,509	-

**Wuskwi Sipihk First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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

	<b>2023</b>	<b>2022</b>
Manitoba Liquor and Lotteries Corporation - loan repayable in weekly installments of \$510 with interest at 2.35% included therein, due August 2023, secured by VLT machines with a net book value of nil (2022 - nil):	9,642	35,613
Penner Oil - loan repayable in monthly installments of the higher of 10% of the monthly tobacco tax rebates paid by Manitoba Finance or \$2,500 plus \$0.39 per litre of fuel delivered by Penner Oil with interest at 5.5% included therein, paid in full:	-	11,248
Royal Bank of Canada - advances received for the construction of a youth centre to an authorized loan maximum of \$1,512,000 bearing interest at prime plus 2.1% (4.8%), paid in full:	-	1,134,000
Royal Bank of Canada - loan repayable in monthly installments of \$1,667 plus interest at 5.19%, due November 24, 2026, secured by a general security agreement over assets and a Band Council Resolution redirecting up to \$213,000 annually from Indigenous Services Canada to the financial institution:	273,334	293,334
Royal Bank of Canada - loan repayable in monthly installments of \$6,750 plus interest at prime plus 5.03% (11.73%), due October 25, 2027, secured by a general security agreement over assets:	<u>390,781</u>	-
	<b>6,852,205</b>	4,316,188

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

	Principal
2024	1,400,603
2025	407,636
2026	405,057
2027	413,048
2028	360,253
	<hr/>
	2,986,597
Thereafter	<hr/>
	3,865,608

Interest on long-term debt amounted to \$134,231 (2022 - \$114,248).

The terms of the long-term loans totalling \$2,818,512 (2022 - \$383,654) with First Nations Bank requires that certain measurable covenants be met. As at March 31, 2023, the First Nation was in violation of certain covenants, for which the lender subsequently provided a written waiver stating that it will not demand repayment of the debt for a period of more than one year from March 31, 2023. It is management's view that the First Nation will not violate covenants at future compliance dates within one year of the statement of financial position date.

**Wuskwi Sipihk First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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**10. Tangible capital assets**

The tangible capital assets reconciliation is included in Schedule 1.

The tangible capital assets include assets under construction, which includes the lagoon project, the wellness camp, multi-use building, and housing projects with a carrying value of \$11,220,743 (2022 - \$9,917,369). No amortization of these assets have been recorded during the year because they are currently under construction. The majority of these projects are expected to be completed in the 2024 fiscal year.

**11. Prepaid expenses and deposits**

Prepaid expenses and deposits includes a \$425,000 deposit made on a contract for the construction of four housing units (see note 16) and \$1,415,564 related to the purchase of the bus depot in Brandon, MB. The First Nation took possession of the bus depot in September 2023.

**12. Replacement reserve**

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

- A replacement reserve, established by an annual allocation of \$23,978 (2022 - \$17,094), to ensure replacement of buildings financed by CMHC. At March 31, 2023, \$0 (2022 - \$0) have been set aside to fund this reserve. This reserve is unfunded March 31, 2023.
- Under the terms of agreement with CMHC, any subsidy surplus may be retained in an operating reserve, and may be used to meet future subsidy requirements of income test occupants, over and above the maximum federal assistance. As at March 31, 2023, the Nation did not hold any funds in an operating reserve account.

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

**13. Government transfers**

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

	2023	2022
Indigenous Services Canada - operating	7,603,533	6,810,441
Indigenous Services Canada - capital	2,991,694	5,448,824
Indigenous Services Canada (Health) - operating	3,587,086	3,132,039
Canada Mortgage and Housing Corporation - operating	142,081	109,799
Canada Mortgage and Housing Corporation - special contribution	-	2,000,000
Employment and Social Development Canada - operating	152,695	152,695
	<hr/> 14,477,089	<hr/> 17,653,798

**14. Post-employment benefits**

***Defined contribution pension plan***

The First Nation has a defined contribution pension plan covering substantially all full-time employees. Contributions to the plan are based on matching participants' contributions to a maximum of 5% of gross earnings. The First Nation contributions and corresponding expense totalled \$57,314 in 2023 (2022 - \$48,957).

**Wuskwi Sipihk First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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**15. Budget information**

The disclosed budget information has been approved by the Chief and Council of the Wuskwi Sipihk First Nation.

**16. Commitments and contingencies**

The First Nation has entered into several contracts for the construction of a new lagoon. The total budgeted cost of this project is \$10.7 million. At March 31, 2023, the First Nation has expended \$9.6 million of the budgeted cost, with the remaining \$1.1 million expected to be incurred by March 31, 2024.

The First Nation has entered into a contract for construction services for the oil service bays and multiplex project. The contract stipulated an estimated total fee of \$3,973,000. Payments are due based on progress and invoices submitted to the First Nation. Chief and Council may terminate the contract at any time; however, the First Nation is obligated to make payment for amounts payable for work completed.

The First Nation has entered into a contract for co-management services. The First Nation is required to pay \$25,000 per month for these services. The contract will remain in effect on a month to month basis until either party provides written notice to terminate or such time that the First Nation is no longer in co-management.

The First Nation has entered into a contract for nurse practitioner services. The contract stipulates fees of \$13,184 are to be paid monthly. The contract expires on March 31, 2024.

A portion of the balance included as surpluses (deficits) is from funds contributed by government agencies. Such surpluses (deficits) may be subject to repayment or recovery by the contributing agencies, depending on the terms and conditions in the fiscal period in which such determination is made.

The Authority has entered into a contract for the construction of four housing units. The total contract commitment for these units is \$1,795,000. A \$425,000 deposit has been made on this contract at March 31, 2023 and is included in prepaid expenses. It is anticipated the construction of these units will be completed in the March 31, 2024 fiscal year.

**17. Economic dependence**

Wuskwi Sipihk First Nation receives substantially all of its revenue from Indigenous Services Canada as a result of Treaties entered into with the Government of Canada. These Treaties are administered by Indigenous Services Canada 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.

Due to certain factors with respect to the financial status of the First Nation, the Nation is party to a Remedial Management Plan agreement with Indigenous Services Canada. Under the terms of the agreement, funding from the Remedial Management Plan can be suspended if the First Nation does not comply with the terms of the agreement.

**18. Financial Instruments**

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

***Credit Risk***

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

***Risk management***

A credit concentration exists related to accounts receivable because substantially all of its accounts receivable are from government agencies. However, the First Nation believes that there is minimal risk associated with the collection of these amounts.

**Wuskwi Sipihk First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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

***Liquidity Risk***

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The First Nation enters into transactions to purchase goods and services on credit; borrow funds from financial institutions or other creditors; lease office equipment from various creditors, for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the First Nation's future net cash flows for the possibility of negative net cash flow.

Contractual maturities of long-term debt are disclosed in Note 9.

The First Nation manages the liquidity risk resulting from accounts payable and long-term debt by diversifying its sources of funding and by maintaining adequate cash and credit facilities.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities.

The First Nation is exposed to interest rate risk on its long-term debt as they are at fixed and variable rates. The First Nation's rates and maturity dates are detailed in Note 9. Fixed rate long-term debt totals \$4,151,391 (2022 - \$2,798,534) and variable long-term debt totals \$2,700,814 (2022 - \$1,517,654).

**19. Comparative figures**

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

**Wuskwi Sipihk First Nation**  
**Schedule 1 - Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2023*

	<i>Land and land improvements</i>	<i>Buildings</i>	<i>Roads and bridges</i>	<i>Water and sewer</i>	<i>Equipment and computers</i>	<i>Vehicles</i>	<i>Subtotal</i>
<b>Cost</b>							
Balance, beginning of year	882,165	39,894,873	794,980	2,470,356	1,503,813	2,519,209	48,065,396
Acquisition of tangible capital assets	-	2,887,133	-	-	171,341	182,038	3,240,512
Disposal of tangible capital assets	-	-	-	-	(149,600)	-	(149,600)
Transfer from construction in progress upon completion	-	1,302,000	-	-	-	-	1,302,000
Balance, end of year	882,165	44,084,006	794,980	2,470,356	1,525,554	2,701,247	52,458,308
<b>Accumulated amortization</b>							
Balance, beginning of year	25,488	5,566,980	569,475	1,623,066	1,336,659	1,401,250	10,522,918
Annual amortization	815	1,584,229	19,875	61,640	61,963	362,216	2,090,738
Accumulated amortization on disposals	-	-	-	-	(149,600)	-	(149,600)
Balance, end of year	26,303	7,151,209	589,350	1,684,706	1,249,022	1,763,466	12,464,056
<b>Net book value of tangible capital assets</b>	<b>855,862</b>	<b>36,932,797</b>	<b>205,630</b>	<b>785,650</b>	<b>276,532</b>	<b>937,781</b>	<b>39,994,252</b>
Net book value of tangible capital assets - 2022	856,677	34,327,893	225,505	847,290	167,154	1,117,959	37,542,478

**Wuskwi Sipihk First Nation**  
**Schedule 1 - Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2023*

	<i>Subtotal</i>	<i>Construction in progress</i>	2023	2022
<b>Cost</b>				
Balance, beginning of year	48,065,396	9,917,369	57,982,765	49,595,870
Acquisition of tangible capital assets	3,240,512	2,605,374	5,845,886	8,414,895
Disposal of tangible capital assets	(149,600)	-	(149,600)	(28,000)
Transfer from construction in progress upon completion	1,302,000	(1,302,000)	-	-
 Balance, end of year	 52,458,308	 11,220,743	 63,679,051	 57,982,765
<b>Accumulated amortization</b>				
Balance, beginning of year	10,522,918	-	10,522,918	9,091,848
Annual amortization	2,090,738	-	2,090,738	1,431,070
Accumulated amortization on disposals	(149,600)	-	(149,600)	-
 Balance, end of year	 12,464,056	 -	 12,464,056	 10,522,918
<b>Net book value of tangible capital assets</b>	<b>39,994,252</b>	<b>11,220,743</b>	<b>51,214,995</b>	<b>47,459,847</b>
 Net book value of tangible capital assets - 2022	 37,542,478	 9,917,369	 47,459,847	

**Wuskwi Sipihk First Nation**  
**Schedule 2 - Schedule of Consolidated Expenses by Object**  
*For the year ended March 31, 2023*

	<b>2023 Budget</b>	<b>2023</b>	<b>2022</b>
<b>Consolidated expenses by object</b>			
Administration	290,434	19,068	31,502
Amortization	-	2,090,735	1,431,070
Bad debts (recovery)	-	58,739	71,825
Bank charges and interest	4,870	114,714	61,302
COVID-19 expenses	-	268,689	660,286
Community donations, events and member contributions	22,305	247,131	78,184
Consulting	30,000	385,744	502,971
Contracted services	-	190,245	130,988
Cost of goods sold	-	1,267,489	1,199,086
Debt retirement	169,119	12,871	-
Fuel	10,978	71,277	22,237
Funeral	-	12,208	5,106
Furniture and equipment	-	-	20,433
Honouraria	242,000	285,274	324,014
Insurance	293,645	266,307	278,214
Interest on long-term debt	-	134,231	114,248
Meeting	6,000	33,207	24,243
Miscellaneous	13,000	92,035	45,072
Office supplies and expenses	46,888	108,411	99,107
Professional development	5,000	128,264	92,926
Professional fees	76,800	622,015	219,823
Program expense	551,367	1,486,764	618,958
Property tax	-	-	3,466
Rent	-	143,073	80,461
Repairs and maintenance	247,686	1,191,650	520,411
Salaries and benefits	3,321,645	3,795,192	3,199,025
Social assistance	634,633	1,042,692	908,402
Student expenses	269,532	443,222	231,545
Supplies	54,058	21,364	13,579
Telephone	31,056	91,011	75,456
Training	54,494	61,406	102,697
Travel	220,000	553,235	451,843
Tuition costs	106,162	471,886	428,229
User fees	6,000	15,499	-
Utilities	61,072	199,556	155,110
Vehicle	90,538	135,058	105,810
Water and delivery fees	-	3,116	9,534
	<b>6,859,282</b>	<b>16,063,378</b>	<b>12,317,163</b>

**Wuskwi Sipihk First Nation**  
**Schedule 3 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2023*

	<i>ISC Revenue</i>	<i>Other Revenue</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Current Surplus (Deficit)</i>
<b>Segment</b>					
Gas Bar	-	1,681,845	1,681,845	1,629,363	52,482
VLT	-	116,374	116,374	53,526	62,848
Administration and Housing	-	2,222,167	2,222,167	2,032,272	189,895
Own Source Education	-	-	-	19,209	(19,209)
Other	-	575	575	-	575
Band Government and General Operations (ISC)	9,203,531	242,472	9,446,003	7,076,625	2,369,378
Health programs	-	3,439,315	3,439,315	3,601,330	(162,015)
Capital	1,391,694	526,937	1,918,631	998,259	920,372
TLE Settlement	-	643,459	643,459	643,459	-
Motel	-	8,371	8,371	9,335	(964)
<b>Total</b>	<b>10,595,225</b>	<b>8,881,515</b>	<b>19,476,740</b>	<b>16,063,378</b>	<b>3,413,362</b>