
MARCEL COLOMB FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

MARCEL COLOMB FIRST NATION

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MARCH 31, 2023

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Chief

Council

INDEPENDENT AUDITOR'S REPORT

To the Chief, Council and Membership
Marcel Colomb First Nation

Opinion

We have audited the consolidated financial statements of Marcel Colomb First Nation, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, consolidated statement of 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, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to the matters as described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position Marcel Colomb First Nation as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

A disclaimer of opinion was issued on the audited financial statements for the year ended March 31, 2022, as we were unable to confirm or verify the completeness, valuation, and existence of the assets, liabilities, and non-financial assets which were included in the statement of financial position as at March 31, 2022.

Additionally, we were unable to confirm or verify details of various housing projects under construction. We were unable to satisfy ourselves by alternative means concerning the completeness, valuation, and rights and obligations of the construction in progress which has been included in the statement of financial position as at March 31, 2023. As a result, we were unable to determine whether any adjustments might have been found necessary for the balances making up the consolidated statement of financial position, consolidated statement of operations, consolidated changes in net debt and statement of cash flows.

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 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 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 qualified 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.

(continued.....)

In preparing the financial statements, management is responsible for assessing Marcel Colomb 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 Statement

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 Marcel Colomb 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 Marcel Colomb First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Marcel Colomb First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

(continued.....)

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.

Baker Tilly HMA LLP

Chartered Professional Accountants

Winnipeg, Manitoba
November 13, 2024

MARCEL COLOMB FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2023	2022 (restated)
FINANCIAL ASSETS		
Cash (Notes 3, 4)	\$ 3,637,158	\$ 6,642,399
Accounts receivable (Note 5)	164,307	800,550
Investments (Note 6)	1,000	-
Total financial assets	<u>3,802,465</u>	<u>7,442,949</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	1,797,418	4,197,191
Government remittances payable	15,485	12,415
Advances from C.M.H.C.	382,160	382,160
Deferred revenue (Note 12)	4,016,399	4,292,655
Long-term debt (Note 8)	<u>3,376,108</u>	<u>3,432,774</u>
Total liabilities	<u>9,587,570</u>	<u>12,317,195</u>
Net debt	<u>(5,785,105)</u>	<u>(4,874,246)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	177,049	108,029
Tangible capital assets (Note 9)	18,149,140	18,540,011
Construction in progress (Note 10)	<u>14,324,003</u>	<u>10,271,612</u>
Total non-financial assets	<u>32,650,192</u>	<u>28,919,652</u>
Accumulated surplus	<u>\$ 26,865,087</u>	<u>\$ 24,045,406</u>
Contingencies (Note 18)		

Approved on behalf of Chief and Council

Acting Amador Costa
Chief
Priscilla Colomb
Council

Evelyn Sinclair
Council
.....
Council

MARCEL COLOMB FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 2 3	2 0 2 2 (restated)
REVENUE			
Indigenous Services Canada (Note 11)	\$ 1,791,532	\$ 4,178,941	\$ 4,080,805
Health Canada (Note 11)	2,092,640	1,833,332	2,354,498
Manitoba Keewatinowi Okimakanak		47,196	15,318
Canada Mortgage and Housing Corporation		2,237,734	4,059,526
Contribution to housing		89,736	89,736
Administration fees	193,081	299,553	216,745
Other	-	2,046,194	1,248,324
	<u>4,077,253</u>	<u>10,732,686</u>	<u>12,064,952</u>
EXPENDITURES			
Governance and Administration	781,948	2,018,019	1,465,158
Social	297,331	981,621	577,647
Education	247,655	256,571	300,089
Operations and Maintenance	665,838	647,780	76,463
Health Authority	2,087,294	1,807,296	1,650,698
Economic Development		59,441	26,020
Housing		503,567	873,142
Indigenous Skills and Employment Training		47,196	15,318
Own Source	-	1,632,414	907,174
	<u>4,080,066</u>	<u>7,953,905</u>	<u>5,891,709</u>
ANNUAL SURPLUS	(2,813)	2,778,781	6,173,243
Allocation to replacement reserve	-	40,900	340,900
ACCUMULATED SURPLUS, beginning of year	<u>17,531,263</u>	<u>24,045,406</u>	<u>17,531,263</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 17,528,450</u>	<u>\$ 26,865,087</u>	<u>\$ 24,045,406</u>

MARCEL COLOMB FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 2 3	2 0 2 2 (restated)
Annual surplus	\$(2,813)	\$ 2,778,781	\$ 6,173,243
Amortization of tangible capital assets		888,975	753,530
Proceeds on sale of tangible capital assets		23,415	
(Gain)/Loss on sale of tangible capital assets		7,058	
Adjustment to construction in progress		58,487	
Acquisition of tangible capital assets		(528,577)	(913,164)
Acquisition of construction in progress	-	(4,110,878)	(6,748,363)
	-	(3,661,520)	(6,907,997)
Acquisition of prepaid expenses		(177,049)	(108,029)
Use of prepaid expenses	-	108,029	37,711
	-	(69,020)	(70,318)
CHANGE IN NET DEBT FOR YEAR	(2,813)	(951,759)	(805,072)
Allocation to replacement reserve		40,900	340,900
NET DEBT, <i>beginning of year</i>	(4,410,074)	(4,874,246)	(4,410,074)
NET DEBT, <i>end of year</i>	\$(4,412,887)	\$(5,785,105)	\$(4,874,246)

MARCEL COLOMB FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2023	2022
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from funding and other sources	\$ 11,091,673	\$ 14,884,790
Cash paid to suppliers and employees	(9,310,624)	(1,199,119)
Interest paid	(172,071)	(154,443)
	<u>1,608,978</u>	<u>13,531,228</u>
<i>INVESTING ACTIVITIES</i>		
Acquisition of tangible capital assets	(528,577)	(913,164)
Acquisition of construction in progress	(4,110,878)	(6,204,271)
Adjustment to construction in progress	58,487	
Proceeds from disposal of tangible capital assets	<u>23,415</u>	<u>-</u>
	<u>(4,557,553)</u>	<u>(7,117,435)</u>
<i>FINANCING ACTIVITIES</i>		
Proceeds from long-term debt	203,260	
Repayment of long-term debt	(259,926)	(231,261)
	<u>(56,666)</u>	<u>(231,261)</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	(3,005,241)	6,182,532
CASH, <i>beginning of year</i>	<u>6,642,399</u>	<u>459,867</u>
CASH, <i>end of year</i>	<u>\$ 3,637,158</u>	<u>\$ 6,642,399</u>
CASH COMPRISED OF		
Cash in operating accounts	\$ 3,180,418	\$ 6,477,509
Restricted cash	<u>456,740</u>	<u>164,890</u>
	<u>\$ 3,637,158</u>	<u>\$ 6,642,399</u>

MARCEL COLOMB FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

1. DESCRIPTION OF ENTITY

Marcel Colomb First Nation (the "First Nation") is located in Lynn Lake, Manitoba, and provides various services to its members. The First Nation reporting entity includes all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are the representation of management, and have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

REPORTING ENTITY

The consolidated financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity. The First Nation consolidates the assets, liabilities and results of operations for the following departments:

- Marcel Colomb Band Administration
- Marcel Colomb First Nation Health Centre
- Marcel Colomb First Nation Housing Authority
- Marcel Colomb First Nation Own Source Revenue
- Marcel Colomb Indigenous Skills and Education Training Strategy

Transactions between departments have not been eliminated in order to present the results of operations for each specific department.

The First Nation holds 100% ownership in Kosisiminawak Development Corporation. There was no financial activity in the corporation during the year ended March 31, 2023.

ASSET CLASSIFICATION

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

CASH AND CASH EQUIVALENTS

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

INVESTMENTS

Portfolio investments are recorded at fair market value. The First Nation's investments in various commercial enterprises are accounted for using the modified equity method. Under the modified equity method, the cost of the investments are adjusted for the First Nation's share of the commercial enterprises' income or loss less dividends.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)**NET DEBT*

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

TANGIBLE CAPITAL ASSETS

Tangible capital assets are stated at cost and recorded in the capital assets. Social housing assets acquired under Canada Mortgage and Housing Corporation 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 of tangible capital assets is recorded on a declining balance basis, except for roads, bridges and other infrastructure which is amortized on straight line basis, at the following annual rates:

Buildings	5%
Equipment	20%
Computers	30%
Vehicles	30%
Mobile Trailer	15 years
Roads, bridges and other infrastructure	40 years

SEGMENTS

The First Nation conducts its business through nine reportable segments as identified in Note 20. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, to aid in resource allocation decisions, and to assess operational performance.

The First Nation's segments are as follows:

Governance and Administration - includes administration and governance activities to support the Band.

Social Services - activities include delivering social programs.

Education Services - includes the operation of education programs.

Operations and Maintenance - includes the operation and maintenance of public works programs and projects.

Health Authority - includes the operation of health and wellness programs.

Economic Development - activities relate to economic development programs and projects.

Housing Authority - includes activities related to the development and maintenance of housing.

Indigenous Skills and Training Strategy (ISETS) - activities include providing skills and employment training services.

Own Source Revenue (OSR) - includes activities related to non-government funded projects and agreements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2023**

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)****REVENUE RECOGNITION***

Revenue is recognized in the year in which transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when its estimation is impracticable.

Government transfer revenue is recognized as revenue when the transfer is authorized and any eligibility criteria under the terms of the applicable funding agreement are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Deferred revenue is recognized in revenue as the stipulations are settled and recognition criteria is met.

All other types of revenue are recognized by the First Nation when the services are provided or the goods are shipped.

ASSET RETIREMENT OBLIGATION

Liabilities are recognized for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at management's best estimate at the present fair value of the estimated future cash flows required to settle the retirement obligation. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount of timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of operations. As at March 31, 2023, the First Nation did not have any significant asset retirement obligations.

FINANCIAL INSTRUMENTS

Financial instruments include cash, accounts receivable, accounts payable and accrued liabilities and long-term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Unless otherwise stated, the carrying value of First Nation's financial assets and liabilities approximates their fair value.

USE OF ESTIMATES

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 certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates. Items requiring significant estimates include the allowance for doubtful accounts and the useful life of tangible capital assets.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization is based on the estimated useful lives of tangible capital assets.

Capitalization of labour costs is based on an estimate of the proportionate share of direct labour and overhead labour.

Asset retirement obligations are estimated based on the present value of the required cost at retirement of specific assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

3. CASH

Cash is comprised of the following:

	2 0 2 3	2 0 2 2
Operating accounts	\$ 3,180,418	\$ 6,477,509
Restricted cash (<i>Note 4</i>)	<u>456,740</u>	<u>164,890</u>
	<u>\$ 3,637,158</u>	<u>\$ 6,642,399</u>

4. RESTRICTED CASH

C.M.H.C. Replacement Reserve

As required as part of the First Nation's Canada Mortgage and Housing Corporation ("C.M.H.C.") Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to tangible capital assets. Under the terms of the agreements with C.M.H.C., 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 C.M.H.C. from time to time. As of March 31, 2023, the accumulated balance of \$790 (March 31, 2022 - \$790) in this reserve was underfunded by \$447,971 (March 31, 2022 - underfunded \$425,361).

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 to 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 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 Council.

Trust Fund

A Trust Fund is maintained by the legal counsel on behalf of the First Nation in relation to an Engagement and Capacity Funding Agreement of which they have entered. The purpose of the trust is to receive and distribute amounts related to the activities and operations under the scope of the agreement.

Cash Collateral

Cash Collateral of \$130,000 is held with Scotiabank in compliance with the amended Banking Agreement. The collateral is held in a non-redeemable investment with an interest rate of 2% for an initial term of one year, with automatic renewal of the investment upon maturity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

4. RESTRICTED CASH *(continued)*

	2 0 2 3	2 0 2 2
Ottawa Trust Fund	\$ 13,902	\$ 12,448
Trust Fund		112,977
Cash Collateral	130,000	
Internally Restricted Reserves and Funds		
Bus replacement reserve	50,629	38,675
C.M.H.C. replacement reserve	790	790
Project Fund	<u>261,419</u>	<u>-</u>
	<u>\$ 456,740</u>	<u>\$ 164,890</u>

5. ACCOUNTS RECEIVABLE

	2 0 2 3	2 0 2 2
Alamos Gold	\$ 69,091	\$ 155,724
Health Canada		4,057
Advances receivable	73,227	22,530
Indigenous Services Canada		260,876
C.M.H.C. subsidy and other	17,825	372,533
Manitoba Keewatinowi Okimakanak	8,550	
Trade and other	<u>71,973</u>	<u>19,905</u>
Subtotal	240,666	835,625
Less: Allowance for doubtful accounts	<u>(76,359)</u>	<u>(35,075)</u>
	<u>\$ 164,307</u>	<u>\$ 800,550</u>

6. INVESTMENT

	2 0 2 3	2 0 2 2
Investment in Willeson Metals Corporation	<u>\$ 1,000</u>	<u>\$ -</u>

Willeson Metals Corporation

The investment in Willeson Metals Corporation (Willeson), a privately-owned corporation, represents a holding of 100,000 common shares. The shares were received pursuant to an Exploration Agreement, in which no initial valuation was assigned to the shares, nor consideration provided by the First Nation to acquire the shares.

The basis of valuation used was the Net Book Value of the total common shares as of the Interim Financial Statements for the period ending May 31, 2021. The total value of the shareholders' equity, and the total number of common shares at that point of time were used to determine an average value per common share of \$0.01.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 3	2 0 2 2
Indigenous Services Canada	\$ 247,342	\$ 247,342
Health Canada	64,242	64,242
Accrued liabilities	274,453	122,213
Trade and other	<u>1,211,381</u>	<u>3,763,394</u>
	<u>\$ 1,797,418</u>	<u>\$ 4,197,191</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

8. LONG-TERM DEBT

	2 0 2 3	2 0 2 2
C.M.H.C. mortgage, 2.50%, repayable in monthly installments of \$13,296 (principal and interest), due June 2038, secured by Ministerial Guarantee and registered mortgage on housing units.	\$ 2,023,192	\$ 2,130,963
C.M.H.C. mortgage, 1.73%, repayable in monthly installments of \$3,103 (principal and interest), due August 2044, secured by Ministerial Guarantee and registered mortgage on housing units.	666,487	691,999
C.M.H.C. mortgage, 0.96%, repayable in monthly installments of \$2,019 (principal and interest), due March 2041, secured by Ministerial Guarantee and registered mortgage on housing units.	400,521	420,811
The Bank of Nova Scotia non-revolving term loan, 1.25%, repayable in monthly principal installments of \$3,778, due June 2023, secured by Letters of Undertakings from Indigenous Services Canada, Health Canada, and Canadian Mortgage and Housing Corporation to forward all payments directly to The Bank of Nova Scotia until credits are repaid.	71,785	117,122
The Bank of Nova Scotia vehicle loan, 5.89%, repayable in monthly installments of \$2,010 (principal and interest), due February 2024, secured by vehicle with a net book value of \$42,031. Remainder of loan balance was repaid with the sale of the vehicle in February 2023.		43,618
The Bank of Nova Scotia vehicle loan, interest free, repayable in monthly installments of \$1,229 (principal), due February 2024, secured by vehicle with a net book value of \$41,286.	13,516	28,261
The Bank of Nova Scotia vehicle loan, 10.49%, repayable in monthly installments of \$3,630 (principal and interest), due March 2026, secured by vehicle with a net book value of \$111,689.	109,036	
The Bank of Nova Scotia vehicle loan, 10.49%, repayable in monthly installments of \$2,976 (principal and interest), due February 2026, secured by vehicle with a net book value of \$91,571.	91,571	-
	3,376,108	3,432,774
Less: current portion	(275,945)	(234,283)
	\$ 3,100,163	\$ 3,198,491

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

8. LONG-TERM DEBT *(continued)*

The scheduled principal amounts payable within the next five years and thereafter to meet retirement provisions is estimated to be as follows:

March 31, 2024	\$ 275,945
2025	254,986
2026	235,253
2027	167,182
2028	170,866
Thereafter	<u>2,271,876</u>
	<u>\$ 3,376,108</u>

Interest expense on the long-term debt for the year ended March 31, 2023 was \$75,974 (2022 - \$78,588).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

9. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals, Write-offs & Adjustments	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Adjustments	Closing Balance	Total 2023	Total 2022 (restated)
Buildings	\$ 266,090			\$ 266,090	\$ 130,923	\$ 6,758		\$ 137,681	\$ 128,409	\$ 135,167
Houses	4,744,286			4,744,286	967,678	153,571		1,121,249	3,623,037	3,776,608
Reserve Infrastructure	15,588,041			15,588,041	3,394,629	389,701		3,784,330	11,803,711	12,193,412
Equipment and fixtures	173,365	60,000		233,365	112,715	16,130		128,845	104,520	60,650
Vehicles	1,474,217	338,032	85,778	1,726,471	860,154	221,913	55,305	1,026,762	699,709	614,063
Computers	101,899	10,617		112,516	89,730	5,580		95,310	17,206	12,169
Roads and bridges	2,363,200	119,928		2,483,128	1,122,641	59,080		1,181,721	1,301,407	1,240,559
Mobile Trailer	543,625	-	-	543,625	36,242	36,242	-	72,484	471,141	507,383
	<u>\$ 25,254,723</u>	<u>\$ 528,577</u>	<u>\$ 85,778</u>	<u>\$ 25,697,522</u>	<u>\$ 6,714,712</u>	<u>\$ 888,975</u>	<u>\$ 55,305</u>	<u>\$ 7,548,382</u>	<u>\$ 18,149,140</u>	<u>\$ 18,540,011</u>

10. CONSTRUCTION IN PROGRESS

	2023			
	Opening Balance (restated)	Additions	Adjustments	Closing Balance
ISC 5 Housing Units	\$ 2,066,699	\$ 85,483		\$ 2,152,182
5 Duplex Housing Units	3,213,550	92,423		3,305,973
CMHC - 3 Housing Units	664,220	2,023	58,487	607,756
15 Ready-to-Move Housing Units	3,783,051	2,100,388		5,883,439
CMHC - 2 Four Bedroom Housing Units		740,000		740,000
Band Office		976,500		976,500
Water Treatment Plant Generator	544,092	114,061		658,153
	<u>\$ 10,271,612</u>	<u>\$ 4,110,878</u>	<u>-</u>	<u>\$ 14,324,003</u>

Construction in progress will be transferred to tangible capital assets upon completion and will be amortized accordingly.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

11. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE

	2 0 2 3	2 0 2 2
Agreement: #1920-MB-000012	\$ 7,724,797	\$ 6,653,266
Add: Deferred from prior year - Health Canada	836,235	1,238,454
Deferred from prior year - Indigenous Services Canada	<u>1,030,869</u>	<u>491,420</u>
	<u>1,867,104</u>	<u>1,729,874</u>
Less: Deferred to following year - Health Canada	(1,387,125)	(836,235)
Deferred to following year - Indigenous Services Canada	<u>(2,192,503)</u>	<u>(1,030,869)</u>
	<u>(3,579,628)</u>	<u>(1,867,104)</u>
Less: Recoverable to ISC		
Basic Needs	<u>-</u>	<u>(80,733)</u>
TOTAL ISC REVENUE PER FINANCIAL STATEMENTS	\$ <u>6,012,273</u>	\$ <u>6,435,303</u>
Health Canada Revenue	1,833,332	2,354,498
Indigenous Services Canada Revenue	<u>4,178,941</u>	<u>4,080,805</u>
TOTAL ISC REVENUE PER FINANCIAL STATEMENTS	\$ <u>6,012,273</u>	\$ <u>6,435,303</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

12. DEFERRED REVENUE

	Balance, beginning of year	Funding received 2023	Revenue recognized 2023	Balance, end of year
Aboriginal Diabetes Initiative	\$ 2,115	\$ 61,337	\$ 36,627	\$ 26,825
Canada Prenatal Nutrition Program	7,716	15,444	3,300	19,860
Public Health Nurse	27,660	55,367		83,027
Mental Wellness Program	80,063	248,720	152,522	176,261
Home and Community Care	295,945	506,153	347,593	454,505
CDE Planning and Response	171,049	20,259	71,169	120,139
Medical Transportation -				
Administration	3,242	30,935	34,177	
Drinking Water/Waste Water	6,200	6,200	12,400	
Health Planning Management	22,420	78,427	81,545	19,302
Jordan's Principle -				
Allied Health	219,825	81,000	185,156	115,669
Jordan's Principle -				
Mental Wellness		193,920	439	193,481
Jordan's Principle -				
Social Services		351,816	230,356	121,460
Jordan's Principle - Cultural				
Activities and Support	-	367,725	311,129	56,596
Deferred to following year -				
Health Canada	836,235	2,017,303	1,466,413	1,387,125
Community Economic Development	56,253			56,253
Administration -				
Post Secondary Education	58,572	57,906	84,945	31,533
Student Transportation	35,430	279,240	92,530	222,140
Genset Installation Project	29,667	120,056	114,109	35,614
Skills Link	28,039		22,239	5,800
COVID-19 Support	106,680			106,680
Leadership Governance Capacity				
Development	104,500		73,710	30,790
Minor Capital	40,000		40,000	
Special Claims	35,000		35,000	
Community Buildings	404,191	27,652	273,019	158,824
A&C Water	72,737		39,968	32,769
Response	59,800			59,800
Provincial Second Level		59,447	11,408	48,039
Provincial Student Support		95,577	5,053	90,524
Post Secondary Education		144,260	36,977	107,283
Basic Needs		749,632	589,462	160,170
Service Delivery		113,165	68,966	44,199
CFS Prevention		625,411	247,712	377,699
First Nation Representative				
Service	-	91,409	9,141	82,268
Indigenous Services Canada				
subtotal - carried to next page	\$ 1,030,869	\$ 2,363,755	\$ 1,744,239	\$ 1,650,385

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

12. DEFERRED REVENUE *(continued)*

	Balance, beginning of year	Funding received 2023	Revenue recognized 2023	Balance, end of year
Indigenous Services Canada subtotal - carried from previous page	\$ 1,030,869	\$ 2,363,755	\$ 1,744,239	\$ 1,650,385
Cost Capacity Building		250,000	93,362	156,638
Planning and Development CCP		100,000	88,881	11,119
COVID-19 - Indigenous Community Support Fund		25,000	6,936	18,064
Water Systems		303,720	180,645	123,075
Wastewater Systems		175,830	143,703	32,127
Other Protection		46,258	1,521	44,737
Fire Protection		30,631	1,149	29,482
Solid Waste		10,279	6,725	3,554
Capacity Building		70,000	31,498	38,502
Community Development Infrastructure Plan		25,000		25,000
Band Offices		1,158,450	1,112,562	45,888
Capacity Innovation	-	20,000	6,068	13,932
Deferred to following year - Indigenous Services Canada	<u>1,030,869</u>	<u>4,578,923</u>	<u>3,417,289</u>	<u>2,192,503</u>
MKO Daycare	71,137		20,243	50,894
C.M.H.C.	254,026	303,632	227,081	330,577
C.M.H.C. Rapid Housing Initiative	2,100,388		2,100,388	
National NADAP	-	55,300	-	55,300
Deferred to following year - Other	<u>2,425,551</u>	<u>358,932</u>	<u>2,347,712</u>	<u>436,771</u>
Total deferred revenue	\$ <u>4,292,655</u>	\$ <u>6,955,158</u>	\$ <u>7,231,414</u>	\$ <u>4,016,399</u>

13. ECONOMIC DEPENDENCE

Marcel Colomb First Nation receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada and Health Canada.

14. RELATED PARTY TRANSACTIONS

In the normal course of business the First Nation enters into transactions with related parties. Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

15. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 2 3	2 0 2 2 (restated)
Administration	\$ 299,637	\$ 244,320
Amortization	888,975	753,531
Bad debt expense	12,293	
Bus replacement reserve allocation	18,300	18,300
C.M.H.C. replacement reserve allocation	22,600	322,600
Community events	126,049	71,566
Contribution to housing	89,736	89,736
Construction and building materials	67,450	105,634
Equipment rental and repairs	146,541	45,245
Fuel costs	128,823	86,646
Honoraria - Chief and Council	195,276	221,339
Insurance	135,315	123,758
Interest and bank charges	111,533	154,443
Membership assistance	197,344	108,462
Other	174,560	66,529
Professional and consulting fees	1,628,359	948,052
Program expense	133,347	166,006
Rent	40,612	196,063
Repairs and maintenance	282,042	(347,408)
Social services	423,623	337,292
Student allowances	42,491	36,850
Supplies	186,800	115,205
Telephone	50,474	66,167
Travel	770,208	534,241
Training and workshops	61,496	42,456
User fees		1,397
Utilities	347,203	196,618
Wages and benefits	<u>1,372,818</u>	<u>1,186,661</u>
	<u>\$ 7,953,905</u>	<u>\$ 5,891,709</u>

16. BUDGET INFORMATION

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

17. COMPARATIVE FIGURES

Certain prior year comparative amounts have been reclassified where necessary to conform to the presentation adopted for the current year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2023**

18. CONTINGENCIESLitigation Matters

The First Nation has been named in a claim brought against them by a former co-manager in the amount of \$100,000, claiming breach of contract. The First Nation has filed a defence and a counterclaim in the amount of \$1,000,000. It is unknown whether the claim or counterclaim will be successful and the ultimate liability of the First Nation is not presently determinable.

The First Nation has been named in a claim brought against them by a construction company in the amount of \$50,650, claiming breach of contract. The First Nation has filed a defence and a counterclaim in the amount of \$1,000,000. It is unknown whether the claim or counterclaim will be successful and the ultimate liability of the First Nation is not presently determinable.

The First Nation has filed a claim against their former legal counsel for an assessment of invoices totaling \$165,749. No fixed court date has been set for this matter. It is unknown whether the claim will be successful and the ultimate asset of the First Nation is not presently determinable.

A provision for these claims has not been made in the financial statements as the outcome is dependent upon future events. A future court date has been set for these matters, with the exception noted above.

Housing Projects

The First Nation has completed two Canada Mortgage and Housing Corporation (C.M.H.C.) housing projects. The total approximate cost is \$1.3 million, of which C.M.H.C. has provided an advance of \$382,160, and the First Nation contributed \$965,600.

Final documentation has been submitted subsequent to the year ended March 31, 2023, and is currently under review. Pending the results, C.M.H.C. has not yet set the interest adjustment dates (IAD) for the projects. There is an uncertainty on the timing and amount of financing to be approved and provided by C.M.H.C. Actual mortgage amounts will be reflected in the financial statements when received.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

19. PRIOR PERIOD RESTATEMENT

Prior period restatement includes the following adjustments:

1. Amortization expense for the period April 1, 2019, to March 31, 2022, for housing units on reserve land which were completed in March of 2023. Amortization of these units had begun before final construction was completed and prior to final inspection and occupancy.

2. Capitalization of expenses for work completed on the Water Treatment Plant Generator project, which began in the period of April 1, 2019, to March 31, 2020 and continued subsequent to the March 31, 2023 year-end.

3. Professional fees incurred in the period of April 1, 2021, to March 31, 2022, paid by a third party on behalf of the First Nation pursuant to an agreement. The payment of the fees by the third party has been represented as revenue.

Comparative amounts in consolidated statements of financial position, operations and changes in net debt have been restated by including the adjustments.

The following table outlines the impact of these changes on the prior period:

	As previously reported	Increase (Decrease)	Restated
Construction in progress	\$ 9,329,036	\$	\$ 9,329,036
Add: Cost of previously expensed construction in progress		544,092	544,092
Add: Reversal of amortization of assets under construction	<u>-</u>	<u>398,484</u>	<u>398,484</u>
	<u>\$ 9,329,036</u>	<u>\$ 942,576</u>	<u>\$ 10,271,612</u>
Revenues, expenditures and accumulated surplus			
Total revenue	\$ 11,862,692	\$	\$ 11,862,692
Add: Reimbursement of professional fees	<u>-</u>	<u>202,260</u>	<u>202,260</u>
Total adjusted revenue	<u>11,862,692</u>	<u>202,260</u>	<u>12,064,952</u>
Total expenditures	6,632,026		6,632,026
Less: Amortization of capital assets		(398,485)	(398,485)
Less: Project expenses		(544,092)	(544,092)
Add: Professional fees	<u>-</u>	<u>202,260</u>	<u>202,260</u>
Total adjusted expenditures	<u>6,632,026</u>	<u>(740,317)</u>	<u>5,891,709</u>
Excess of revenue over expenditures	<u>\$ 5,230,666</u>	<u>\$ 942,577</u>	<u>\$ 6,173,243</u>
Net Debt, end of year	\$ (4,874,246)	\$	\$ (4,874,246)
Add: Impact on excess of revenue over expenditures		942,577	942,577
Less: Amortization of capital assets		(398,485)	(398,485)
Less: Acquisition of construction in progress	<u>-</u>	<u>(544,092)</u>	<u>(544,092)</u>
	<u>\$ (4,874,246)</u>	<u>\$</u>	<u>\$ (4,874,246)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

19. PRIOR PERIOD RESTATEMENT *(continued)*

	As previously reported	Increase (Decrease)	Restated
ACCUMULATED SURPLUS, <i>beginning of year</i>	\$ 17,531,263	\$	\$ 17,531,263
Excess of revenue over expenditures	5,230,666	942,577	6,173,243
Allocation to replacement reserve	<u>340,900</u>	<u>-</u>	<u>340,900</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 23,102,829</u>	<u>\$ 942,577</u>	<u>\$ 24,045,406</u>

SEGMENTED INFORMATION

MARCH 31, 2023

20. SEGMENT DISCLOSURE

	Governance and Administration		Social		Education		Operations and Maintenance		Health Authority	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues										
Federal Government										
ISC	\$ 1,835,447	\$ 527,673	\$ 1,025,369	\$ 528,333	\$ 174,150	\$ 310,007	\$ 1,076,906	\$ 768,772	\$	\$
Health Canada	-	-	-	-	-	-	-	-	1,833,332	2,354,498
Subtotal	1,835,447	527,673	1,025,369	528,333	174,150	310,007	1,076,906	768,772	1,833,332	2,354,498
Other revenue	<u>670,948</u>	<u>557,453</u>	-	<u>535</u>	<u>3,421</u>	-	-	-	(42,613)	41,550
Total revenue	<u>2,506,395</u>	<u>1,085,126</u>	<u>1,025,369</u>	<u>528,868</u>	<u>177,571</u>	<u>310,007</u>	<u>1,076,906</u>	<u>768,772</u>	<u>1,790,719</u>	<u>2,396,048</u>
Expenses										
Amortization	568,722	435,592							166,682	167,641
Debt servicing	36,851	22,640	4,579	294		80	48		125	125
Other	1,292,566	970,821	908,474	489,675	154,795	288,244	425,976	(191,298)	918,367	908,048
Salaries and benefits	<u>119,880</u>	<u>36,102</u>	<u>68,568</u>	<u>87,678</u>	<u>101,776</u>	<u>11,765</u>	<u>221,756</u>	<u>267,761</u>	<u>722,122</u>	<u>574,887</u>
Total expenses	<u>2,018,019</u>	<u>1,465,155</u>	<u>981,621</u>	<u>577,647</u>	<u>256,571</u>	<u>300,089</u>	<u>647,780</u>	<u>76,463</u>	<u>1,807,296</u>	<u>1,650,701</u>
Surplus (Deficit)	<u>\$ 488,376</u>	<u>\$ (380,029)</u>	<u>\$ 43,748</u>	<u>\$ (48,779)</u>	<u>\$ (79,000)</u>	<u>\$ 9,918</u>	<u>\$ 429,126</u>	<u>\$ 692,309</u>	<u>\$ (16,577)</u>	<u>\$ 745,347</u>

MARCEL COLOMB FIRST NATION

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SEGMENTED INFORMATION

MARCH 31, 2023

20. SEGMENT DISCLOSURE (continued)

	Economic Development		Housing		ISETS		Own Source Revenue		TOTAL	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues										
Federal Government										
ISC	\$ 61,000	\$ 26,020	\$ 6,069	\$ 1,920,000	\$ -	\$ -	\$ -	\$ -	\$ 4,178,941	\$ 4,080,805
Health Canada									1,833,332	2,354,498
C.M.H.C.	-	-	2,237,734	4,059,526	-	-	-	-	2,237,734	4,059,526
Subtotal	61,000	26,020	2,243,803	5,979,526					8,250,007	10,494,829
Other revenue	-	-	89,736	89,736	207,376	15,318	1,553,811	865,531	2,482,679	1,570,123
Total revenue	61,000	26,020	2,333,539	6,069,262	207,376	15,318	1,553,811	865,531	10,732,686	12,064,952
Expenses										
Amortization			153,571	150,298					888,975	753,531
Debt servicing			68,862	131,057			1,068	247	111,533	154,443
Other	40,800	6,600	254,514	524,810	47,196	8,939	1,537,891	791,235	5,580,579	3,797,074
Salaries and benefits	18,641	19,420	26,620	66,977	-	6,379	93,455	115,692	1,372,818	1,186,661
Total expenses	59,441	26,020	503,567	873,142	47,196	15,318	1,632,414	907,174	7,953,905	5,891,709
Surplus (Deficit)	\$ 1,559	\$ -	\$ 1,829,972	\$ 5,196,120	\$ 160,180	\$ -	\$ (78,603)	\$ (41,643)	\$ 2,778,781	\$ 6,173,243