

To the Members of Salt River First Nation:

Qualified Opinion

We have audited the consolidated financial statements of Salt River First Nation and its subsidiaries (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations and accumulated surplus, change in net debt, cash flows and the related schedules 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 possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2023, and the results of its consolidated operations, changes in its net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Canadian Public Sector Accounting Standards ("PSAS") Section PS 3280 Asset Retirements Obligations ("ARO") which was adopted by the First Nation as of April 1, 2022 requires the recognition of an ARO liability when there is a legal obligation that establishes a clear responsibility to incur retirement costs in relation to a tangible capital asset. The First Nation has not identified ARO liabilities as of March 31, 2023 and we were unable to satisfy ourselves concerning those liabilities by alternative means. Consequently, we were not able to determine whether any adjustments would be necessary to liabilities, net debt, tangible capital assets, accumulated surplus, expenses, surplus, or changes in net debt for the years ended March 31, 2023 and 2022, and accumulated surplus as of April 1, 2021, March 31, 2022 and 2023.

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 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.

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 cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that 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.

Leduc, Alberta

April 14, 2025

MNP LLP

Chartered Professional Accountants

Approved at a meeting of Chief and Council on April 14/25—
(date)

Chief Toni Héron
Chief Toni Héron

Archie Beaulieu
Councilor Archie Beaulieu

Levi MacDonald
Councilor Levi MacDonald

Delores Taylor
Councilor Delores Taylor

Brittany Bourke
Councilor Brittany Bourke

Salt River First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2023

	<i>Schedules</i>	<i>2023 Budget (Note 13)</i>	<i>2023</i>	<i>2022</i>
Revenue				
Indigenous Services Canada		464,664	3,417,735	21,030,996
Settlement Trust distributions (Note 11)		5,625,303	6,406,235	4,683,291
Government of Northwest Territories		732,209	1,425,280	853,750
First Nations and Inuit Health Branch		244,208	438,350	202,266
Other revenue		479,753	1,217,172	221,871
Interest income		-	204,879	23,392
Funding returned to funder		-	(123,325)	(428,848)
Deferred revenue - prior year (Note 7)		-	16,635,317	4,301,875
Deferred revenue - current year (Note 7)		-	(10,322,072)	(16,635,317)
		7,546,137	19,299,571	14,253,276
Expenses				
Administration, Finance	3	883,809	944,964	838,459
Governance, Justice	4	930,050	1,441,175	1,051,552
Language and Culture	5	158,225	361,718	112,000
Human Resource Development	6	52,000	156,504	60,500
Lands, Public Works	7	880,034	1,166,453	782,569
Child and Family Development	8	330,192	427,961	298,342
Membership	9	1,173,955	1,200,342	900,128
SRFN Youth & Education Foundation	10	-	209,324	176,209
Other	11	15,250	98,091	10,358
Education	12	-	454,914	-
Wellness	13	405,677	400,088	131,717
Homeless Shelter	14	-	-	71,166
Total expenses		4,829,192	6,861,534	4,433,000
Surplus before other items		2,716,945	12,438,037	9,820,276
Other revenue (expenses)				
Gain on disposal of tangible capital assets		-	10,620	82,866
Unrecoverable GST		-	(32,066)	(40,380)
Interest on long term debt		(968,292)	(500,964)	(561,433)
Results of SRFN Development Corporation operations (Note 6)		-	(804,392)	(53,910)
Amortization of tangible capital assets (Schedule 1)		-	(853,992)	(752,708)
		(968,292)	(2,180,794)	(1,325,565)
Surplus		1,748,653	10,257,243	8,494,711
Accumulated surplus, beginning of year (Note 10)		25,901,426	25,901,426	17,406,715
Accumulated surplus, end of year (Note 10)		27,650,079	36,158,669	25,901,426

The accompanying notes are an integral part of these financial statements

Salt River First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2023

	2023 <i>Budget</i> (Note 13)	2023	2022
Surplus			
Purchases of tangible capital assets (Schedule 1)	1,748,653	10,257,243	8,494,711
Amortization of tangible capital assets	-	(9,242,828)	(7,428,781)
Proceeds on disposal of tangible capital assets	-	853,992	752,708
Disposal of tangible capital assets	-	24,500	117,332
Acquisition of prepaid expenses	-	(13,860)	(80,665)
	-	(11,225)	(43,431)
Decrease in net debt	1,748,653	1,867,822	1,811,874
Net debt, beginning of year	(5,896,894)	(5,896,896)	(7,708,770)
Net debt, end of year	(4,148,241)	(4,029,074)	(5,896,896)

Salt River First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	10,751,286	26,921,406
Cash paid to suppliers	(4,450,921)	(2,924,804)
Cash paid to employees	(1,927,186)	(1,503,260)
Interest received	204,879	23,392
Interest paid	(609,151)	(614,827)
	3,968,907	21,901,907
Financing activities		
Repayment of long-term debt	(469,138)	(406,322)
Capital activities		
Purchases of tangible capital assets	(8,279,878)	(6,860,237)
Proceeds on disposal of tangible capital assets	24,500	117,332
	(8,255,378)	(6,742,905)
Investing activities		
Advances to First Nation business entity (Note 6)	(185,400)	(498,524)
Repayment from First Nation business entity (Note 6)	67,402	45,890
	(117,998)	(452,634)
Increase (decrease) in cash resources	(4,873,607)	14,300,046
Cash resources, beginning of year	20,397,746	6,097,700
Cash resources, end of year	15,524,139	20,397,746

Salt River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

1. Operations

The Salt River First Nation (the "First Nation") is located in the Northwest Territories and provides various services to its members. Salt River First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Change in accounting policies

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 consolidated financial statements from the prospective application of the new accounting recommendations.

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 a 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.

3. Significant accounting policies

These consolidated financial statements are the representations of management, and are prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of CPA Canada and are consistent with accounting policies set out by the Department of Indigenous Services Canada ("ISC"). Significant aspects of the accounting policies adopted by the First Nation are as follows:

Reporting entity consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities. Trusts administered on behalf of third parties by Salt River First Nation, including the Salt River First Nation Settlement Trust (the "Trust"), 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:

- Salt River First Nation
- Salt River First Nation Youth & Education Foundation

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.

Salt River First Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the consolidated 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 the Salt River First Nation Development Corporation.

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.

Salt River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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

Measurement uncertainty (use of estimates)

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Investment in First Nation business entities is stated after evaluation as to valuation and collectibility of advances. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the First Nation is responsible for.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in surplus in the periods in which they become known.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

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.

i. Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution. Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings	straight-line	20 years
Automotive equipment	declining balance	30 %
Computer equipment and software	declining balance	30 %
Office furniture and equipment	declining balance	20 %

ii. Prepaid expenses

Prepaid expenses include retainers advanced to legal counsel and pre-payments on goods and services which will be utilized in the following fiscal year.

Long-lived assets

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

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in surplus for the year.

Salt River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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

Net debt

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

Liability for contaminated sites

A liability for remediation of contaminated sites is recognized at the best estimate of the amount required to remediate the contaminated sites when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2023.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation has not recognized a liability for contaminated sites at March 31, 2023 because it is not expected that economic benefits will be given up.

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.

Settlement trust and other revenue

Revenue from the Salt River First Nation Settlement Trust and other sources of revenue are recorded when received or receivable.

Segments

The First Nation conducts its business through 12 reportable segments: Administration, Finance; Governance, Justice; Language and Culture; Human Resource Development; Lands, Public Works; Child and Family Development; Membership; SRFN Youth & Education Foundation; Other; Education; Wellness; and Homeless Shelter. 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. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed above. Inter-segment transfers are recorded at their exchange amount.

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the First Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

Salt River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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

At each financial reporting date, the First Nation reviews the carrying amount of the liability. The First Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

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 consolidated statement of remeasurement gains and losses. 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 in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the consolidated 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 consolidated statement of remeasurement gains and losses.

Future accounting standards

PS 3400 Revenue establishes standards on how to account for and report on revenue by distinguishing between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

The extent of the impact on adoption of these future standards is not known at this time.

Salt River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

4. Cash and cash equivalents

	2023	2022
Operations	4,773,174	15,840,177
Youth & Education Foundation	1,066,330	757,519
Per capita distribution	396,599	300,019
Savings	9,103,859	3,315,946
Nesbitt Burns (infrastructure)	184,177	184,085
	15,524,139	20,397,746

5. Accounts receivable

	2023	2022
Goods and Services Tax receivable	791,201	411,594
Government of Northwest Territories	562,603	-
Salt River Settlement Trust receivable	509,447	-
First Nations and Inuit Health Branch	364,761	180,870
Indigenous Services Canada	352,153	-
Other accounts receivable	341,007	53,799
	2,921,172	646,263

6. Investment in and advances to First Nation business entity

					2023
	Investment cost	Loans / advances	Accumulated earnings in equity	Current loss in equity	Total investment
Wholly-owned Business:					
Salt River First Nation Development Corporation	100	7,463,415	(1,644,687)	(804,392)	5,014,436

					2022
	Investment cost	Loans / advances	Accumulated earnings in equity	Current loss in equity	Total investment
Wholly-owned Business:					
Salt River First Nation Development Corporation	100	7,345,416	(1,590,777)	(53,910)	5,700,829

Amounts due from the Salt River First Nation Development Corporation are unsecured, non-interest bearing, and have no specified terms of repayment, and arose from cash transfers to fund operations and purchase tangible capital assets.

Salt River First Nation did not have any non-cash transfers to or from the Salt River Development Corporation in the year.

Salt River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

6. Investments in and advances to First Nation business entity *(Continued from previous page)*

Summary financial information for the First Nation business entity, accounted for using the modified equity method for the year ended March 31, 2023, is as follows:

<i>Salt River First Nation Development Corporation As at March 31, 2023</i>	
Assets	
Cash	371,518
Accounts receivable	436,534
Prepaid expenses	13,494
Inventory	443,814
Property and equipment	3,870,819
Total assets	5,136,179
Liabilities	
Accounts payable and accruals	122,033
Due to Salt River First Nation	7,463,127
Total liabilities	7,585,160
Equity	(2,448,981)
Total revenue	8,068,499
Total expenses	8,872,891
Net loss	(804,392)

7. Deferred revenue

Deferred revenue consists of revenue that has not yet been allocated to programs, revenue that has been allocated to programs or projects to be carried out in future years, and the unexpended portion of revenue on programs and projects in progress at March 31, 2023.

	2023	2022
Indigenous Services Canada	10,322,072	16,572,033
Public Health Agency of Canada	-	63,284
Settlement Trust Distributions	244,749	-
	10,566,821	16,635,317

Salt River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

8. Long-term debt

	2023	2022
First Nations Finance Authority debenture, repayable in monthly blended instalments of \$49,447 including interest at 3.65%, maturing June 2028, amortized over a 30 year term.	9,205,470	9,448,335
Debt reserve fund of the First Nations Finance Authority debenture as required under subsection 82(2) of the First Nations Fiscal Management Act.	(598,041)	(563,001)
First Nations Finance Authority debenture, repayable in monthly blended instalments of \$23,692 including interest at 3.41%, maturing June 2028, amortized over a 30 year term.	4,540,502	4,663,747
Debt reserve fund of the First Nations Finance Authority debenture as required under subsection 82(2) of the First Nations Fiscal Management Act.	(307,102)	(289,109)
First Nations Finance Authority debenture, repayable in monthly blended instalments of \$7,551 including interest at 2.72%, maturing June 2028, amortized over a 30 year term.	1,667,385	1,711,225
Debt reserve fund of the First Nations Finance Authority debenture as required under subsection 82(2) of the First Nations Fiscal Management Act.	(99,199)	(93,387)
Secured Revenue Trust Account of the First Nations Finance Authority as required under subsection 82(2) of the First Nations Fiscal Management Act.	(2,208)	(1,864)
	14,406,807	14,875,946
<u>Less: current portion</u>	366,548	366,548
	14,040,259	14,509,398

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2024	366,548
2025	366,548
2026	366,548
2027	366,548
2028	366,548

The debt reserve funds earn interest at 5.52% (2022 - 1.54%) per annum. The interest earned in the year totaling \$52,542 (2022 - \$14,393) is a non-cash transaction and is therefore excluded from interest received on the statement of cash flows.

The debentures and interim financing are secured by tobacco and fuel rebates from the Government of Northwest Territories, resource revenue from the Government of Northwest Territories, Goods and Service Tax rebates from the Government of Canada, and resource revenue from Indigenous Service Canada.

The First Nations Finance Authority requires that the First Nation provide the Authority with a copy of the Financial Management System Certificate within 36 months after the Salt River First Nation receives financing (other than Interim Long Term Financing) from the authority. As of March 31, 2023 this certificate has not yet been provided.

Salt River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

9. Contingencies

In the normal conduct of operations, there are pending claims by and against the First Nation. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the advice and information of legal counsel, final determination of these other litigations will not materially affect the First Nation's consolidated financial position or results of operations.

These consolidated financial statements are subject to review by the First Nation's funding agents. It is possible that adjustments could be made based on the results of their reviews.

10. Accumulated operating surplus

Accumulated surplus consists of the following:

	2023	2022
Equity in tangible capital assets		
Balance, beginning of year	16,815,378	9,769,650
Acquisition of tangible capital assets	9,242,827	7,428,782
Disposals of tangible capital assets	(13,860)	(36,668)
Principal repayments on long-term debt	469,138	406,322
Amortization	(853,992)	(752,708)
	25,659,491	16,815,378
Unrestricted surplus		
Balance, beginning of year	9,086,049	7,607,885
Surplus for the year	10,257,243	8,494,712
Transfer to equity in tangible capital assets	(8,844,114)	(7,045,728)
Transfer from restricted surplus	-	29,179
	10,499,178	9,086,048
	36,158,669	25,901,426

Salt River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

11. Salt River First Nation Settlement Trust

The First Nation is the beneficiary of the Salt River First Nation Settlement Trust. All disbursements from the Trust to the First Nation are approved by the Trustees under the trust documents established by the final settlement agreement. The trust assets are invested with TD Waterhouse.

The objectives of the Trust are as follows:

a) Settlement Capital Fund

The Salt River First Nation Settlement Trust agreement dated March 4, 2002 provides for an annual distribution to the Salt River First Nation to fund operations, per capita distributions, and other programs or expenditures in accordance with the annual budget approved by membership.

b) Reserve Survey Fund

This fund is to pay reserve survey costs, including environmental assessment and remediation, reserve survey, legal and consulting costs.

c) Infrastructure and Land Acquisition Fund

This fund is to pay all costs related to the planning, design, construction and operation and maintenance of infrastructure on the reserves of the First Nation, and to pay costs related to the appraisal and acquisition of lands identified in the Settlement Agreement.

d) Youth and Education Fund

This fund is to transfer funding and income to the Youth & Education Foundation.

Distributions from the Trust Fund are calculated by the Trustee, annually at December 31, as follows the greater of:

- 1) Income for tax purposes, and
- 2) 8% of the value of cash and authorized investments less the annual rate of inflation.

The annual rate of inflation of 6.8% for the year ended December 31, 2022 (2021 - 3.4%) was determined by reference to the Statistics Canada/CPI website.

The Settlement Trust agreement requires annual distributions from the Settlement Capital Fund, Reserve Survey Fund and Infrastructure and Land Acquisition Fund to be made to the Salt River Settlement Revenue Account (TLE Program). Annual distributions from the Youth and Education Fund are to be paid to the Salt River First Nation Youth & Education Foundation.

The Salt River First Nation Settlement Trust has not been included on the consolidated statement of financial position, nor have its operations been included on the consolidated statement of operations. The trust fund balance at December 31 was as follows:

	<i>Dec 31 2023</i>	<i>Dec 31 2022</i>
Salt River First Nation Settlement Trust	76,514,005	73,584,754

The Trust fund balance at March 31, 2023 was \$72,908,048 (2022 - \$83,442,137).

Salt River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

11. Salt River First Nation Settlement Trust *(Continued from previous page)*

Annual disbursements from the Trust to the First Nation, as calculated by the trustee and approved by membership, are as follows:

	<i>Dec 31</i> <i>2023</i>	<i>Dec 31</i> <i>2022</i>
Operational Infrastructure	5,444,466	4,145,228
Per capita distribution	626,250	473,003
Youth & Education Foundation	924,854	671,845
	271,485	212,722
	<hr/>	<hr/>
Recapitalization	7,267,055	5,502,798
	(860,820)	(819,507)
	<hr/>	<hr/>
	6,406,235	4,683,291

12. Economic dependence

The First Nation receives approximately 33% (2022 - 33%) of its annual revenue from the Salt River First Nation Settlement Trust and 50% (2022 - 62%) in the form of transfer payments from the federal government on the basis of annual contribution agreements. The ability of the First Nation to continue operations is dependent upon funding from these bodies.

13. Budget information

The disclosed budget information was approved by the Chief and Council of the Salt River First Nation on April 4, 2022.

14. Tangible capital assets

The tangible capital asset details are included on Schedule 1.

Construction in progress includes two homes on Whiperwill and Wabler Street under construction at the year-end, a geotechnical report, and other technical reports associated with initial capital project assessments, and ongoing construction of the community subdivision with a carrying value of \$16,958,102 (2022 - \$9,579,329). Construction in progress in the prior year that remains in progress at the end of the current year totals \$7,302,501 (2022 - \$2,484,080). Construction in progress from the prior year that were transferred to tangible capital assets in the current year total \$819,996 (2022 - \$nil). Additions to construction in progress in the year total \$8,198,785 (2022 - \$7,095,249). No amortization on these assets has been recorded during the year because they are currently under construction.

Costs related to the acquisition of tangible capital assets of \$1,545,151 (2022 - \$582,181) are included in accounts payable at March 31, 2023, and are therefore not included on the consolidated statement of cash flows.

15. Comparative figures

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

Salt River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

16. Compliance with laws and regulations

The First Nation is required by the *First Nations Financial Transparency Act* to submit its consolidated financial statements to ISC and post its consolidated financial statements on a website within 120 days of the year-end. As the First Nation has not done this, it is not in compliance with this law. The potential effect of the non-compliance is unknown.

17. 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.

The carrying amount of the First Nation's financial instruments best represents the maximum exposure to credit risk.

Risk management

The First Nation manages its credit risk by performing regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

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, 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 7.

The First Nation manages the liquidity risk resulting from its accounts payable and long-term debt by investing in liquid assets.

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.

The First Nation is exposed to interest rate risk with respect to long-term debt.

Salt River First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2023

	<i>Land</i>	<i>Buildings</i>	<i>Automotive equipment</i>	<i>Computer equipment and software</i>	<i>Office furniture and equipment</i>	<i>2023</i>	<i>2022</i>
Cost							
Balance, beginning of year	698,671	34,417,429	364,787	114,305	397,308	35,992,500	28,725,626
Acquisition of tangible capital assets	-	-	308,317	7,187	728,575	1,044,079	333,532
Construction-in-progress	-	8,198,749	-	-	-	8,198,749	7,095,250
Disposal of tangible capital assets	-	-	(92,634)	-	-	(92,634)	(161,908)
Balance, end of year	698,671	42,616,178	580,470	121,492	1,125,883	45,142,694	35,992,500
Accumulated amortization							
Balance, beginning of year	-	3,716,626	193,904	85,230	305,415	4,301,175	3,673,707
Annual amortization	-	688,558	93,366	14,732	57,336	853,992	752,708
Accumulated amortization on disposals	-	-	(78,774)	-	-	(78,774)	(125,240)
Balance, end of year	-	4,405,184	208,496	99,962	362,751	5,076,393	4,301,175
Net book value of tangible capital assets	698,671	38,210,994	371,974	21,530	763,132	40,066,301	31,691,325
2022 net book value	698,671	30,700,803	170,883	29,075	91,893	31,691,325	