

BERENS RIVER FIRST NATION

Consolidated Financial Statements
For the year ended March 31, 2023

BERENS RIVER FIRST NATION

Consolidated Financial Statements **For the year ended March 31, 2023**

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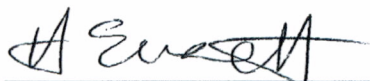
Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of **Berens River First Nation** and all the information in these consolidated financial statements are the responsibility of management and have been approved by the Chief and Council of **Berens River First Nation**. The preparation of periodic financial statements involves the use of estimates and approximations because the precise determination of financial information frequently depends on future events. The financial statements have been prepared by management within reasonable limits of materiality and within the framework of Canadian public sector accounting standards.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The **Berens River First Nation** Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

BDO Canada LLP, Chartered Professional Accountants, as the First Nation's appointed external auditor, has audited the Consolidated Financial Statements. The Independent Auditor's Report is addressed to the Members and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian audit standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of operations of the First Nation in accordance with Canadian public sector accounting standards. BDO Canada LLP has full and free access to the Council.



Chief Hartley Everett
Elected November 15, 2023



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201 Portage Avenue - 26th Floor
Winnipeg MB R3B 3K6 Canada

Independent Auditor's Report

To the Members of Berens River First Nation

Qualified Opinion

We have audited the consolidated financial statements of **Berens River First Nation** and its components ("the First Nation") which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, 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 possible effects of the matter described in the Bases 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 its consolidated results of operations, its consolidated changes in its net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Bases for Qualified Opinion

The First Nation's financial system does not adequately track payables and a manual payable listing was constructed after the year end by current management from information at multiple locations. Due to the significant time involved with reconstruction of the payable information, estimates and judgements of accounts payable may not be complete and are not susceptible of satisfactory audit verification. Further we have been unable to test the completeness of accounts payable due to the significant length of the subsequent period. Therefore, we were not able to determine whether any adjustments might be necessary to expenses, annual surplus, cash flows from operations for the year ended March 31, 2023 and 2022, and to accounts payable, net debt and tangible capital assets and accumulated surplus as at March 31, 2023 and 2022. Our audit opinion on the consolidated financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

Due to weaknesses in internal controls over the reporting of cash-based revenue and expenditures in the Berens River Gaming Commission and Berens River Community Bingo operations the financial statements of these organizations were not susceptible of satisfactory audit verification. Accordingly, we were unable to verify the revenues and expenses recorded by these organizations or determine whether adjustments might be necessary to their revenues and expenditures for the years ended March 31, 2023 and 2022. Our audit opinion on the consolidated financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

Effective April 1, 2022, the First Nation was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of April 1, 2022. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. As of the audit report date, management has not completed its assessment of the First Nation's tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this department from Canadian public sector accounting standards on expenses and annual surplus for the years ended March 31, 2023 and 2022, tangible capital assets and the asset retirement obligation as at March 31, 2023 and 2022, and accumulated surplus as at April 1 and March 31 for both the 2023 and 2022 years.



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 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 audit 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 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 First Nation 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

BDO Canada LLP

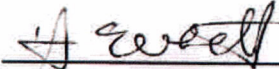
Chartered Professional Accountants

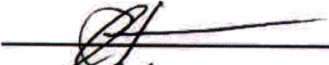
Winnipeg, Manitoba
October 18, 2024

BERENS RIVER FIRST NATION Consolidated Statement of Financial Position

March 31	2023	2022
Financial Assets		
Cash and bank	\$ 7,704,837	\$ 4,909,931
Restricted cash (Note 2)	6,786,658	808,425
Accounts receivable (Note 3)	946,076	1,504,645
Portfolio investment (Note 4)	11,451	11,451
	<u>15,449,022</u>	<u>7,234,452</u>
Liabilities		
Bank indebtedness (Note 5)	973,539	505,698
Accounts payable and accrued liabilities (Note 6)	3,519,590	2,874,729
Unexpended funding (Note 7)	17,209,454	9,044,150
Long-term debts and demand loans (Note 8)	9,169,585	10,322,185
	<u>30,872,168</u>	<u>22,746,762</u>
Net debt	<u>(15,423,146)</u>	<u>(15,512,310)</u>
Non-Financial Assets		
Tangible capital assets (Note 9)	35,190,233	30,163,982
Inventories (Note 10)	136,764	137,872
Prepaid expenses	400	95,572
	<u>35,327,397</u>	<u>30,397,426</u>
Accumulated surplus (Note 13)	\$ 19,904,251	\$ 14,885,116
Contingent liabilities (Note 15)		

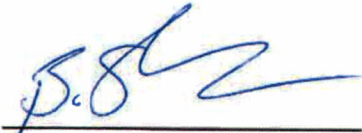
Approved by the First Nation:

 Chief

 Councillor

 Councillor

 Councillor

 Councillor

____ Councillor

____ Councillor

BERENS RIVER FIRST NATION

Consolidated Statement of Operations

For the year ended March 31

	2023		2022
	Budget	Actual	Actual
Revenue			
First Peoples Development Inc.	\$ 712,377	\$ 807,312	\$ 801,127
Health Canada	6,475,645	9,908,932	8,530,227
Indigenous Services Canada (Note 11)	6,662,149	19,331,282	22,090,763
Canada Mortgage and Housing Corporation	339,770	767,300	477,027
Gaming revenue	-	731,460	600,726
Province of Manitoba	250,000	63,603	8,859
Rental income	474,000	610,444	461,632
Fuel, gravel, barge fees, and sundry	2,005,663	15,768,643	7,270,501
	16,919,604	47,988,976	40,240,862
Expenses (Note)			
ASETS Training & Employment	601,384	913,118	1,293,500
Arena	223,388	29,320	40,250
B.R Child & Family Services	-	2,027,713	498,333
Band employee benefits	73,908	66,826	131,467
Band support and administration	1,457,063	(323,193)	2,814,454
COVID-19	-	299,590	1,814,575
Capital and set programs	136,383	927,269	62,086
Chess Program	-	59,080	88,554
Community Health Liaison	66,652	26,200	168,338
Community bingo	-	666,685	452,908
Community contributions	177,000	931,241	170,630
Community water and waste services	1,247,210	3,064,182	2,729,544
DPN	-	633,252	93,235
Economic Development	-	167,324	117,203
Education Admin Post Secondary	-	106,861	103,533
Education local services	255,248	786,794	374,974
Education student services	1,729,909	3,608,385	4,353,181
Family Violence	-	-	8,650
Fishing	-	-	614,429
Gaming Commission	390,800	106,989	67,660
Housing Authority	496,007	1,229,514	1,070,297
ISC - REV ICSF EMAP	-	-	895,295
ISC Community Based Initiative	-	(388)	396,641
Indian registry	39,202	33,911	56,192
Log Inn	103,480	88,103	70,583
Medical services	6,069,951	10,512,521	9,552,890
Mee-Mee-Wee-Seepi Development Corp.	-	8,063,435	1,337,513
Safety Officer	-	127,707	113,974
Social services and development	3,113,821	6,504,884	5,350,282
Special funding	-	1,255,171	2,061,035
Student services	73,200	47,468	89,408
Student transporta	-	501,692	-
Summer students	83,100	248,431	236,402
WNO consultations	-	259,756	-
	16,337,706	42,969,841	37,228,016
Annual surplus	\$ 581,898	5,019,135	3,012,846
Accumulated surplus, beginning of year		14,885,116	11,872,270
Accumulated surplus, end of year		\$ 19,904,251	\$ 14,885,116

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

BERENS RIVER FIRST NATION
Consolidated Statement of Changes in Net Debt

For the year ended March 31	2023		2022
	Budget	Actual	Actual
Annual surplus	\$ 581,898	\$ 5,019,135	\$ 3,012,846
Acquisition of tangible capital assets	-	(7,439,358)	(2,230,343)
Amortization of tangible capital assets	-	2,413,107	2,553,176
	581,898	(7,116)	3,335,679
Prepaid expenses	-	95,172	3,004
Inventories	-	1,108	(76,284)
Decrease (increase) in net debt	<u>\$ 581,898</u>	89,164	3,262,399
Net debt, beginning of year		<u>(15,512,310)</u>	(18,774,709)
Net debt, end of year		<u>\$ (15,423,146)</u>	<u>\$ (15,512,310)</u>

BERENS RIVER FIRST NATION Consolidated Statement of Cash Flows

For the year ended March 31	2023	2022
Cash Flows from Operating Activities		
Annual surplus	\$ 5,019,135	\$ 3,012,846
Adjustment for non-cash items:		
Amortization of tangible capital assets	2,413,107	2,553,176
	<u>7,432,242</u>	5,566,022
Changes in non-cash working capital balances:		
Accounts receivable	558,569	891,371
Inventories	1,108	(76,284)
Prepaid expenses	95,172	3,004
Accounts payable	644,861	327,443
Unexpended funding	8,165,304	(454,915)
	<u>16,897,256</u>	6,256,641
Cash Flows from Capital Activities		
Purchase and construction of capital assets	<u>(7,439,358)</u>	(2,230,343)
Cash Flows from Financing Activities		
Repayment of long-term debt	(1,152,600)	(651,726)
Repayments of line of credit	467,841	(749,822)
	<u>(684,759)</u>	(1,401,548)
Increase in cash	8,773,139	2,624,750
Cash, beginning of year	<u>5,718,356</u>	3,093,606
Cash, end of year	<u>\$ 14,491,495</u>	<u>\$ 5,718,356</u>
Represented by		
Cash and bank	\$ 7,704,837	\$ 4,909,931
Restricted cash	6,786,658	808,425
	<u>\$ 14,491,495</u>	<u>\$ 5,718,356</u>

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2023

1. Nature of Entity and Summary of Significant Accounting Policies

Nature of Entity

The First Nation is a non-profit, non-taxable entity and is engaged in the social, cultural and economic development of First Nation citizens of Berens River First Nation.

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting in accordance with Canadian public sector accounting standards. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Basis of Consolidation

The Berens River First Nation reporting entity includes the Berens River First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by Berens River First Nation.

These financial statements consolidate the assets, liabilities and results of operations for Berens River First Nation and use accounting principles which lend themselves to consolidation. All inter-entity balances have been eliminated on consolidation.

The following entities' financial position and results of operations are included in these financial statements:

Subsidiaries

Mee-Mee-Wee-Seepi Development Corporation	100% owned
Nipi Marine Service Ltd.	100% owned
Berens River Housing Authority Inc.	100% owned
Berens River Log Inn Inc.	100% owned
7269251 Manitoba Ltd.	100% owned
Pigeon River Contractors Ltd.	100% owned

Unincorporated Departments

Berens River Community Bingo
Berens River Gaming Commission

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2023

1. Nature of Entity and Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined, with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Fuel and gravel revenue is recognized when the title of the product passes to the customer and collectibility is reasonably assured. Reasonable assurance is based on the First Nation's past experience with collections.

Inventory

Raw materials and supplies are stated at the lower of cost and replacement cost. Cost is generally determined on the first-in first-out basis.

Replacement Reserves

The reserves are required by agreements with funders for the replacement of tangible capital assets. This balance consists of a net accumulation of the levy on operations and expenditures paid for by the reserve since inception and are included in accumulated surplus.

Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization based on the estimated useful life of the asset is recorded once the asset is available for productive use as follows:

Infrastructure	20 - 50 years straight-line basis
Buildings	20 - 40 years straight-line basis
Equipment	10 - 20 years straight-line basis
Automotive	10 years straight-line basis

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2023

1. Nature of Entity and Summary of Significant Accounting Policies (continued)

Pension Plans

The First Nation also maintains defined contribution pension plans for its personnel. Expenses for this plan is equal to the First Nation's required contribution for the year.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Measurement uncertainty exists specifically in the determination of accounts receivable, useful life of capital assets and unexpended funding.

Restricted Cash

Restricted cash balances represent assets segregated for use for replacement reserves with CMHC (Canada Mortgage and Housing Corp) and FNIHB (Health Canada) operating agreements. Restricted cash also includes trust funds held by ISC.

Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2023

1. Nature of Entity and Summary of Significant Accounting Policies (continued)

Portfolio Investment

The investment in the loan to Shawano Wapunong Building Inc. is recorded at cost.

2. Restricted Cash

Under the terms of the agreements with CMHC, the replacement reserve account is to be credited in the amount of \$73,980 annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation (CDIC) or as may otherwise be approved by CDIC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are charged to interest first and then principal. The restricted cash is comprised of Externally Restricted Reserves as follows:

	<u>2023</u>	<u>2022</u>
CMHC Replacement Reserve (Note 12)	\$ 22,275	\$ 700,831
ISC Trust	<u>6,764,383</u>	<u>187,357</u>
	<u>\$ 6,786,658</u>	<u>\$ 888,188</u>

The CMHC replacement reserve account is underfunded by \$977,764 (underfunded by \$225,228 in 2022).

Funds Held in Trust

The restricted cash balance contains the surplus of monies held in trust for Berens River First Nation by Indigenous Services Canada (ISC). The change in the trust balance during the year was as follows:

	<u>2023</u>	<u>2022</u>
Trust balance, beginning of year	\$ 187,357	\$ 795,547
Net deposits (withdrawals)	<u>6,573,074</u>	<u>(612,287)</u>
Interest and fees earned	<u>3,952</u>	<u>4,097</u>
Trust balance, end of year	<u>\$ 6,764,383</u>	<u>\$ 187,357</u>

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2023

3. Accounts Receivable

	2023	2022
Trade	\$ 586,550	\$ 480,519
Allowance for doubtful accounts	(273,579)	(6,508)
Member receivables	36,597	176,418
	<u>349,568</u>	<u>650,429</u>
Indigenous Services Canada		
Basic Needs	-	105,000
Roads & Bridges	114,561	384,518
Prov School Tuition	62,429	10,658
FNIHB	-	228,000
CMHC	327,904	39,770
Goods and Services Tax (GST)	91,614	86,270
	<u>596,508</u>	<u>854,216</u>
	<u>\$ 946,076</u>	<u>\$ 1,504,645</u>

4. Investments

The investment balance reported represents the following holdings:

	2023	2022
Shawano Wapunong Building Inc. loan at cost	\$ 11,451	\$ 11,451

The investment in Shawano Wapunong Building Inc. ("SWIC") represents a loan receivable, and accrues interest at 10% per annum. There are no set terms of repayment. SWIC was incorporated as a private corporation under the Corporation Act of Manitoba, and is owned and operated by Southeast Resource Development Council where the First Nation is a member.

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2023

5. Bank Indebtedness

Included in bank indebtedness is a credit facility with an interest rate of prime plus 3.25% (effective rate 5.95%) and a limit of \$400,000. This credit facility was unutilized at year-end (\$228,978 utilized in 2022) and the balance at year end is due to outstanding cheques issued.

6. Accounts Payable and Accrued Liabilities

	2023	2022
Trade	\$ 2,318,147	\$ 1,818,251
Accrued liabilities	376,116	285,881
Canada Revenue Agency	770,285	770,597
Other	55,042	-
Total accounts payable	<u>\$ 3,519,590</u>	<u>\$ 2,874,729</u>

7. Unexpended Funding

This balance represents unspent program funds provided to Berens River First Nation by the Department of Indigenous Services Canada and the Government of Canada (ISC).

	ISC	2023	2022
Deferred revenue, beginning of year	\$ 7,636,424	\$ 9,094,150	\$ 9,499,065
Add: Current year monies unspent	24,284,288	24,284,288	3,642,405
Less: Previous year revenue recognized	<u>(14,711,258)</u>	<u>(16,168,984)</u>	<u>(4,097,320)</u>
Deferred revenue, end of year	<u>\$ 17,209,454</u>	<u>\$ 17,209,454</u>	<u>\$ 9,044,150</u>

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2023

7. Unexpended Funding (continued)

The balance of deferred revenue consists of the following:

Indigenous Services Canada	
2021 Post Secondary	\$ 750,000
2021 Provincial School Accommodations	2,200,000
2021 Water System	168,640
2023 Basic Needs	350,000
2023 Water Treatment Plant-Lagoon Project	6,245,365
2023 Cultural Spaces	2,628,845
2023 Child and Family Services	1,351,339
2023 Representative Service	1,037,465
2023 Child and Family Services Capital	120,000
2023 New Housing Construction	1,876,000
2023 Refrigeration Project	81,800
2023 Capital Investment	200,000
	17,009,454
 First Nation and Inuit Health Branch	 200,000
 Others	
Assembly of Manitoba Chief	 81,800
	\$ 17,209,454

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2023

8. Long-term Debts and Demand Loans

	<u>2023</u>	<u>2022</u>
Mortgage payable at 1.13%, due June 1, 2026, repayable in monthly installments of \$2,046 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	\$ 182,093	\$ 204,451
Mortgage payable at 0.76%, due December 1, 2025, repayable in monthly installments of \$3,124 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	605,969	638,726
Mortgage payable at 0.82%, due September 1, 2024, repayable in monthly installments of \$4,596 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	82,190	136,425
Mortgage payable at 3.47%, due June 1, 2027, repayable in monthly installments of \$5,157 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	244,331	297,763
Mortgage payable at 3.45%, due August 1, 2027, repayable in monthly installments of \$3,202 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	294,890	324,324
Mortgage payable at 1.30%, due April 1, 2026, repayable in monthly installments of \$2,360 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	322,650	346,620
Carried forward	\$ 1,732,123	\$ 1,948,309

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2023

8. Long-term Debts and Demand Loans (continued)

	2023	2022
Brought forward	\$ 1,732,123	\$ 1,948,309
Mortgage payable at 2.50%, due June 1, 2033, repayable in monthly installments of \$1,658 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	179,852	195,068
Mortgage payable at 2.22%, due December 1, 2033, repayable in monthly installments of \$3,612 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	414,299	448,075
Mortgage payable at 3.81%, due March 1, 2028, repayable in monthly installments of \$3,877 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	529,831	559,074
Mortgage payable at 1.22%, due July 1, 2026, repayable in monthly installments of \$3,073 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	605,596	634,903
Mortgage payable at 2.68%, due October 1, 2038, repayable in monthly installments of \$4,694 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	717,617	754,283
First Nation Bank term facility at 5.90%, due December 1, 2032 repayable in monthly principal and interest payments of \$9,369.	830,725	891,748
CMHC project advances, non-interest bearing and unsecured.	495,048	495,048
Carried forward	\$ 5,505,091	\$ 5,926,508

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2023

8. Long-term Debts and Demand Loans (continued)

	2023	2022
Brought forward	\$ 5,505,091	\$ 5,926,508
First Nation Bank term facility at fixed rate of 5.93% due November 1, 2027, repayable in monthly principal and interest payments of \$5,562.	269,358	318,523
First Nation Bank term facility at fixed rate of 5.93% due July 1, 2022, repayable in monthly principal and interest payments of \$1,158.	-	8,808
First Nation Bank term facility at fixed rate of 5.93% due November 1, 2022, repayable in monthly principal and interest payments of \$3,088.	-	23,387
First Nation Bank term facility at fixed rate of 5.70% due May 1, 2024, repayable in monthly principal and interest payments of \$42,429.	575,073	1,036,961
First Nation Bank term facility at variable rate of prime plus 2.15% (effective rate 8.85%) due March 1, 2025, repayable in monthly principal and interest payments of \$4,507.	919,342	973,421
First Nation Bank term facility at fixed rate of 5.70% due January 1, 2025, repayable in monthly principal and interest payments of \$9,369.	475,294	530,591
Mortgage payable at 2.06%, due January 1, 2025 repayable in monthly instalments of \$8,352 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	1,425,427	1,503,986
	\$ 9,169,585	\$ 10,322,185

The future minimum payments for the next five years and thereafter assuming callable debt is not demanded are:

2024	\$ 3,698,536
2025	1,304,120
2026	261,977
2027	1,408,508
2028	402,636
Thereafter	2,093,808
	\$ 9,169,585

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2023

9. Tangible Capital Assets

	2023				
	Infrastructure	Buildings	Equipment	Automotive	Total
Cost, beginning of year	\$ 14,797,658	\$ 63,922,220	\$ 7,491,440	\$ 4,195,925	\$ 90,407,243
Additions	4,951,618	490,974	1,479,632	517,134	7,439,358
Cost, end of year	19,749,276	64,413,194	8,971,072	4,713,059	97,846,601
Accumulated amount, beginning of year	(7,075,656)	(44,214,493)	(5,901,355)	(3,051,757)	(60,243,261)
Amortization	(470,212)	(1,470,173)	(202,346)	(270,376)	(2,413,107)
Accumulated amount, end of year	(7,545,868)	(45,684,666)	(6,103,701)	(3,322,133)	(62,656,368)
Net carrying amount, end of year	\$ 12,203,408	\$ 18,728,528	\$ 2,867,371	\$ 1,390,926	\$ 35,190,233

	2022				
	Infrastructure	Buildings	Equipment	Automotive	Total
Cost, beginning of year	\$ 14,242,840	\$ 63,116,712	\$ 7,406,001	\$ 3,411,347	\$ 88,176,900
Additions	554,818	805,508	85,439	784,578	2,230,343
Cost, end of year	14,797,658	63,922,220	7,491,440	4,195,925	90,407,243
Accumulated amount, beginning of year	(6,605,443)	(42,508,288)	(5,767,996)	(2,808,358)	(57,690,085)
Amortization	(470,213)	(1,706,205)	(133,359)	(243,399)	(2,553,176)
Accumulated amount, end of year	(7,075,656)	(44,214,493)	(5,901,355)	(3,051,757)	(60,243,261)
Net carrying amount, end of year	\$ 7,722,002	\$ 19,707,727	\$ 1,590,085	\$ 1,144,168	\$ 30,163,982

Included in building are tangible capital assets under construction in the amount of \$5,362,068 (\$505,508 in 2022) that are not being amortized as they are not in use.

10. Inventories

	2023	2022
Materials and supplies	\$ 1,390	\$ 1,390
Fuel	135,372	136,482
	<u>\$ 136,764</u>	<u>\$ 137,872</u>

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2023

11. Indigenous Services Canada (ISC) Revenue Reconciliation

	2023	2022
ISC cash release confirmation	\$ 43,615,570	\$ 25,237,324
Less: Current year deferred revenue (Note 7)	<u>(24,284,288)</u>	<u>(3,146,561)</u>
Total ISC revenue reported	<u>\$ 19,331,282</u>	<u>\$ 22,090,763</u>

12. Replacement Reserves

	CMHC	FNIHB MAR	2023	2022
Balance, beginning of year	\$ 926,059	\$ 165,882	\$1,091,941	\$ 984,743
Allocations	361,480	34,214	395,694	107,198
Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$1,287,539</u>	<u>\$ 200,096</u>	<u>\$1,487,635</u>	<u>\$1,091,941</u>

The replacement reserve balance consists of a net accumulation of the levy on operations, recoveries collected and expenditures paid for by the reserve since inception in accordance with the agreement with Canada Mortgage and Housing Corporation (CMHC). The First Nation plans to fund the replacement reserve by making monthly deposits of \$5,132 into the replacement reserve bank account.

13. Accumulated Surplus

The First Nation segregates its accumulated surplus in the following categories:

	2023	2022
Investment in tangible capital assets	\$ 26,020,648	\$ 19,841,797
Current Funds (deficit)	<u>(7,604,032)</u>	<u>(6,048,622)</u>
Reserve Funds (Note 12)		
CMHC	1,287,539	926,059
MAR	<u>200,096</u>	<u>165,882</u>
	<u>\$ 19,904,251</u>	<u>\$ 14,885,116</u>

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2023

14. Defined Contribution Pension Plan

The expense for the First Nation's pension plan for the year was \$75,165 (\$74,512 in 2022). The plan is funded equally by the First Nation and the First Nation's employees at rates of 3.0% to 5.5% of the employee's salary. The funds are invested in mutual funds as directed by the First Nation's individual employees' investment directives.

15. Contingent Liabilities

Berens River First Nation holds two quarry leases in relation to the work performed by Pigeon River Contractors Ltd. As the leases are in the name of the First Nation, they are liable for any rehabilitation costs related to these sites. Rehabilitation fees are paid to the Province of Manitoba for these costs when material is removed from the quarry. These fees are placed in a trust account and are to be used in the future to rehabilitate the sites upon closure. There is the potential that additional monies would be required to rehabilitate the quarries but we are unable to determine the additional costs, if any, that may be required. As a result, no payables related to these costs have been recorded in the First Nation's records.

The First Nation, in the course of its operations, is subject to lawsuits. As a policy, management will accrue for losses in instances where it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated. At present, management has been given notice of a potential claim against the First Nation by a customer. At the date of the audit report, the amount of the claim is undeterminable.

16. Comparative Figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

17. Budget

The Management Action Plan (Budget) adopted by Council was not prepared on a basis consistent with that used to report actual results (public sector accounting standards). The budget was prepared on a modified accrual basis while public sector accounting standards now require a full accrual basis including amortization.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2023

18. Expense by Object

The following is a summary of expenses by object:

	2023	2022
Amortization	\$ 2,413,107	\$ 2,553,176
Interest	388,833	373,718
Others (Admin fees, utilities, burials, others)	9,225,447	6,688,404
Professional services	928,774	438,155
Rent	202,962	48,623
Salaries and benefits	11,046,170	9,526,580
Repairs and maintenance	4,802,491	3,576,796
Program supplies	5,495,151	6,568,584
Social assistance	353,493	447,004
Training and development	1,167,658	372,381
Contractors	1,480,396	2,081,824
Post secondary	2,525,408	3,079,249
Insurance	709,355	527,456
Travel and fuel	2,230,596	1,384,221
	\$ 42,969,841	\$ 37,228,016

19. Financial Instrument Risk Management

The First Nation is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the First Nation's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these consolidated financial statements.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The First Nation is exposed to credit risk through its cash and bank, restricted cash and accounts receivable. The First Nation is exposed to credit risk through the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The First Nation is exposed to credit risk through its bank accounts that are held with RBC due to limited insurability of \$100,000 through CDIC, however management does not feel any added risk is warranted for balances in excess of insured amount.

The First Nation's maximum exposure to credit risk at the financial statement date is the carrying value of its cash and bank, restricted cash and accounts receivable as presented on the consolidated statement of financial position.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2023

19. Financial Risk Management (continued)

Credit risk is measured through monitoring and evaluation of accounts receivable. If the evaluations indicate the other party may be unable to meet their obligations the First Nation will recognize an allowance. Allowances on accounts receivable is disclosed in Note 3 of the consolidated financial statements.

The First Nation does not believe that it is exposed to significant risk on receivables from the Federal Governments.

Liquidity risk

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting obligations associated with financial liabilities. The First Nation is exposed to liquidity risk through its bank indebtedness, accounts payable and accrued liabilities and long-term debt. Management feels the First Nation will continue to generate sufficient operating cash flows to cover these debts as they come due.

The First Nation manages its liquidity risk by monitoring its cash activities and expected outflows through budgeting and maintaining sufficient cash if unexpected cash flows arise.

A maturity of debt is disclosed in Note 8 of the consolidated financial statements. The bank indebtedness and accounts payable and accrued liabilities are short-term in nature, with payment due within 30 days after receipt of goods and services and related invoices.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The First Nation is mainly exposed to interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The First Nation is exposed to interest rate risk through its future cash flow risk due to its long-term debt where a fluctuation in interest rates on renewal of fixed rate term loans, would cause a change in the cash flow available to reduce the balance outstanding.

20. Segmented Information

The First Nation is a diversified community that provides a wide range of services to its members. For management reporting purposes the Berens River First Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations.

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2023

20. Segmented Information (continued)

The services are provided by the several entities of Berens River First Nation. These activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed:

Public Works

Public Works contains all activities that relate to the maintenance of buildings and land of the First Nation.

Social Development

Social Development contains activities that provide financial support or support by other means to band members that is aimed at developing both the individual as well as the community.

Finance & Administration

Finance & Administration contains activities that are needed to run the Berens River Band organization.

Health Services

Health Services contains activities that provide medical services to band members.

Education

Education Services contains activities that provide education to band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

Training & Development

Training & Development contains activities that provide financial support or support by other means to band members and organizations situated on the First Nation reserve that is aimed at developing personal skills and businesses.

Housing

Housing contains activities that provide housing and repairs and maintenance to band members' housing.

Gaming

Gaming contains activities that provide gaming services to both band members and non-band members.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2023

20. Segmented Information (continued)

	2023									
	Mee-mee-wee-seepi & Public Works	Social Development	Finance & Administration	Health Services	Education	Training & Development	Housing	Gaming	Eliminations	Total
Revenue										
Federal	\$ 13,294,289	8,515,194	\$ 2,409,504	\$ 10,810,363	\$ 4,648,209	\$ 386,018		\$ -	\$ (2,892,531)	\$ 37,171,046
Sundry	5,186,667	1,655,421	1,135,445		32,706	912,190	1,303,598	731,460	(139,557)	10,817,930
Total revenue	18,480,956	10,170,615	3,544,949	10,810,363	4,680,915	1,298,208	1,303,598	731,460	(3,032,088)	47,988,976
Expenses	12,410,832	9,600,808	879,980	6,553,736	4,309,484	137,228	981,725	655,459	(3,032,088)	32,497,164
Salaries & other	2,822,296	781,511	960,694	3,984,985	306,850	1,250,337	247,789	118,215	-	10,472,677
Total expenses	15,233,128	10,382,319	1,840,674	10,538,721	4,616,334	1,387,565	1,229,514	773,674	(3,032,088)	42,969,841
Annual surplus (deficit)	\$ 3,247,828	\$ (211,704)	\$ 1,704,275	\$ 271,642	\$ 64,581	\$ (89,357)	\$ 74,084	\$ (42,214)	\$ -	\$ 5,019,135

	2022									
	Public Works	Social Development	Finance & Administration	Health Services	Education	Training & Development	Housing	Gaming	Eliminations	Total
Revenue										
Federal	\$ 6,647,616	\$ 9,148,979	\$ 961,572	\$ 10,048,515	\$ 4,285,682	\$ 868,358		-	\$ (2,876,073)	\$ 29,084,649
Sundry	3,396,139	374,272	4,154,202	-	621,934	1,030,492	922,520	656,654		11,156,213
Total revenue	10,043,755	9,523,251	5,115,774	10,048,515	4,907,616	1,898,850	922,520	656,654	(2,876,073)	40,240,862
Expenses	6,161,533	8,612,282	2,117,161	5,763,843	4,745,713	1,006,379	822,508	402,353	(2,876,073)	26,755,699
Salaries & other	2,822,296	781,151	960,694	3,984,985	306,850	1,250,337	247,789	118,215	-	10,472,317
Total expenses	8,983,829	9,393,433	3,077,855	9,748,828	5,052,563	2,256,716	1,070,297	520,568	(2,876,073)	37,228,016
Annual surplus (deficit)	\$ 1,059,926	\$ 129,818	\$ 2,037,919	\$ 299,687	\$ (144,947)	\$ (357,866)	\$ (147,777)	136,086	\$ -	\$ 3,012,846