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PEGUIS VLT OPERATIONS  
O/A PEGUIS GAMING COMMISSION  
FINANCIAL STATEMENTS  
MARCH 31, 2023

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**PEGUIS VLT OPERATIONS  
O/A PEGUIS GAMING COMMISSION**

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**MARCH 31, 2023**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Chief, Council and Membership  
Peguis First Nation

### **Opinion**

We have audited the accompanying financial statements of Peguis VLT Operations o/a Peguis Gaming Commission, which comprise the statement of financial position as at March 31, 2023, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Peguis VLT Operations o/a Peguis Gaming Commission as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Peguis VLT Operations o/a Peguis Gaming Commission 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 opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Peguis VLT Operations o/a Peguis Gaming Commission'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 Peguis VLT Operations o/a Peguis Gaming Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Peguis VLT Operations o/a Peguis Gaming Commission's financial reporting process.

*(continued.....)*

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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 Peguis VLT Operations o/a Peguis Gaming Commission'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 Peguis VLT Operations o/a Peguis Gaming Commission'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 Peguis VLT Operations o/a Peguis Gaming Commission 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.

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  
January 25, 2024

**PEGUIS VLT OPERATIONS  
O/A PEGUIS GAMING COMMISSION**


STATEMENT 1

**STATEMENT OF FINANCIAL POSITION**

**MARCH 31**

	<u>2 0 2 3</u>	<u>2 0 2 2</u>
<b>A S S E T S</b>		
CURRENT		
Cash	\$ 571,932	\$ 496,998
Accounts receivable (Note 3)	845	34,824
Inventory	18,444	6,370
	<u>591,221</u>	<u>538,192</u>
DUE FROM RELATED PARTIES (Note 4)	968	34,100
CAPITAL ASSETS (Note 5)	<u>372,290</u>	<u>452,111</u>
	<u>\$ 964,479</u>	<u>\$ 1,024,403</u>
<b>L I A B I L I T I E S</b>		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 98,626	\$ 72,886
DUE TO RELATED PARTIES (Note 7)	191,564	2,070
ACCRUED TERMINATION ENTITLEMENT	<u>          </u>	<u>4,230</u>
	<u>290,190</u>	<u>79,186</u>
<b>N E T A S S E T S</b>		
UNRESTRICTED	301,998	408,722
INVESTED IN CAPITAL ASSETS	<u>372,290</u>	<u>536,495</u>
	<u>674,288</u>	<u>945,217</u>
	<u>\$ 964,478</u>	<u>\$ 1,024,403</u>
Current year out by \$		

Approved on behalf of Chief and Council:

  
 .....  
 Chief  
  
 .....  
 Councillor

  
 .....  
 Councillor  
  
 .....  
 Councillor

**PEGUIS VLT OPERATIONS  
O/A PEGUIS GAMING COMMISSION**

STATEMENT 2

**STATEMENT OF CHANGES IN NET ASSETS**

YEAR ENDED MARCH 31

	Unrestricted	Invested in capital assets	2 0 2 3	2 0 2 2
BALANCE, <i>beginning of year</i>	\$ 408,722	\$ 536,495	\$ 945,217	\$ ( 578,975)
Net income (loss) for year	( 270,929)		( 270,929)	1,524,192
Amortization of capital assets	<u>164,205</u>	<u>( 164,205)</u>	<u>-</u>	<u>-</u>
BALANCE, <i>end of year</i>	\$ <u>301,998</u>	\$ <u>372,290</u>	\$ <u>674,288</u>	\$ <u>945,217</u>

**PEGUIS VLT OPERATIONS  
O/A PEGUIS GAMING COMMISSION**

STATEMENT 3

**STATEMENT OF OPERATIONS**

YEAR ENDED MARCH 31

	2023	2022
<b>REVENUE</b>		
Video lottery terminals	\$ 15,782,574	\$ 10,177,482
Less: Prize payouts	<u>12,550,948</u>	<u>8,024,462</u>
	<u>3,231,626</u>	<u>2,153,020</u>
<b>EXPENDITURES</b>		
Amortization of capital assets	79,821	84,384
Board honoraria	17,388	12,200
Baseball events	22,257	7,000
Community donations and assistance	1,166,287	390,282
Events	2,795	890
Insurance	64,496	
Interest and bank charges	15,455	11,824
Manitoba Lotteries commissions	399,383	242,624
Office	256,063	207,773
Professional fees	122,789	120,000
Repairs and maintenance	244,139	112,711
Salaries and benefits	1,392,799	1,059,078
Training and development	12,043	2,623
Travel	58,514	23,311
Utilities	83,246	79,650
Vehicle	<u>21,808</u>	<u>43,681</u>
	<u>3,959,283</u>	<u>2,398,031</u>
NET INCOME (LOSS) BEFORE OTHER INCOME	<u>( 727,657)</u>	<u>( 245,011)</u>
<b>OTHER INCOME</b>		
Arena revenue	299,111	218,566
Concessions and sundry	157,117	215,169
Revaluation of intercompany accounts		1,090,468
Trust funding	<u>500</u>	<u>245,000</u>
	<u>456,728</u>	<u>1,769,203</u>
NET INCOME (LOSS) FOR YEAR	<u>\$ ( 270,929)</u>	<u>\$ 1,524,192</u>

**PEGUIS VLT OPERATIONS  
O/A PEGUIS GAMING COMMISSION**

STATEMENT 4

**STATEMENT OF CASH FLOWS**

YEAR ENDED MARCH 31

	2023	2022
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Net income (loss) for the year	\$( 270,929)	\$ 1,524,192
Item not affecting cash:		
Amortization of capital assets	<u>79,821</u>	<u>84,384</u>
	<u>( 191,108)</u>	<u>1,608,576</u>
Changes in non-cash working capital:		
Accounts receivable	33,979	( 27,046)
Inventory	( 12,074)	( 1,040)
Due from related parties	33,132	( 7,083)
Accounts payable and accrued liabilities	25,741	51,757
Due to related parties		(1,260,554)
Accrued termination entitlement	<u>( 4,230)</u>	<u>( 51,768)</u>
	<u>76,548</u>	<u>(1,295,734)</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	( 114,560)	312,842
CASH, <i>beginning of year</i>	<u>496,998</u>	<u>184,156</u>
CASH, <i>end of year</i>	<u>\$ 382,438</u>	<u>\$ 496,998</u>



# PEGUIS VLT OPERATIONS O/A PEGUIS GAMING COMMISSION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

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### 1. NATURE OF OPERATIONS

Peguis VLT Operations o/a Peguis Gaming Commission ("the organization") is an unincorporated, non-taxable entity which has been delegated financial and operating authority by Chief and Council of Peguis First Nation ("the First Nation") to provide video lottery terminals (VLT) and licensing of other gaming activities within the community of Peguis, Manitoba.

### 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements reflect only financial position and operating results of the organization and do not include all of the assets, liabilities, revenues and expenditures of Peguis First Nation.

#### *BASIS OF PRESENTATION*

These financial statements have been prepared in accordance with the Canadian public sector accounting standards for not-for-profit organizations as defined by the CPA Canada Public Sector Accounting Handbook, which encompasses the following principles:

#### *CASH*

Cash includes cash on hand and balances with banks net of overdrafts.

#### *INVENTORY*

Inventory consists of concessions and is stated at the lower of cost and net realizable value, determined on the first in, first out basis.

#### *CAPITAL ASSETS*

Capital assets are recorded at acquisition cost and amortized based on the estimated useful life of the asset as estimated under the following method.

Automotive	5 years	straight-line method
Buildings	40 years	straight-line method
Equipment	5 years	straight-line method
Parking lot	30 years	straight-line method

#### *IMPAIRMENT OF LONG-LIVED ASSETS*

The organization's long-lived assets are comprised of capital assets. A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

# PEGUIS VLT OPERATIONS O/A PEGUIS GAMING COMMISSION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

### 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *REVENUE RECOGNITION*

Video lottery terminal revenue is recorded on a net cash basis which is calculated as the difference between the amounts wagered and prizes paid out and is recognized in the period when the patron play occurred.

For other revenues, the organization follows the deferral method of accounting for restricted revenue. Unrestricted revenue and grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### *EMPLOYEE FUTURE BENEFITS*

The costs of defined contribution pension benefits are the employer's contributions to the plan in the period.

#### *FINANCIAL INSTRUMENTS*

The organization initially measures its assets and liabilities at fair value, except for certain non-arm's length transactions. Subsequently, the organization measures its assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized on the statement of operations. At initial recognition, the organization may irrevocably elect to subsequently measure any financial instrument at fair value. The organization has not made any such elections.

#### *USE OF ESTIMATES*

The preparation of financial statements in accordance with the Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of financial statements and the reported amounts of certain revenue and expenditures during the year. Significant estimates include the determination of the useful life of capital assets. Actual results could differ from those estimates.

### 3. ACCOUNTS RECEIVABLE

	2 0 2 3	2 0 2 2
Trade receivables	\$ <u>845</u>	\$ <u>34,824</u>

### 4. DUE FROM RELATED PARTIES

	2 0 2 3	2 0 2 2
Peguis Treaty Committee	\$ <u>968</u>	\$ <u>34,100</u>

Amounts due from related parties are unsecured and non-interest bearing with no fixed terms of repayment. The organization and the above parties are related by virtue of the common control of Peguis First Nation Chief and Council.

**PEGUIS VLT OPERATIONS  
O/A PEGUIS GAMING COMMISSION**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2023**

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			2 0 2 3	2 0 2 2
Buildings	\$ 1,766,497	\$ 1,432,061	\$ 334,436	\$ 378,599
Equipment	240,748	235,219	5,529	10,696
Automotive	330,788	298,463	32,325	62,816
Other capital assets	<u>245,768</u>	<u>245,768</u>	<u>-</u>	<u>-</u>
	\$ <u>2,583,801</u>	\$ <u>2,211,511</u>	\$ <u>372,290</u>	\$ <u>452,111</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 3	2 0 2 2
Accrued liabilities	\$ 33,347	\$ 27,945
Employee source deductions payable	6,276	4,360
Trade payables	<u>59,004</u>	<u>40,581</u>
	\$ <u>98,627</u>	\$ <u>72,886</u>

7. DUE TO RELATED PARTIES

	2 0 2 3	2 0 2 2
Peguis Family Foods	\$ 5,849	\$ 1,156
Peguis First Nation	180,090	
Peguis Home Hardware	828	99
Peguis Midway	4,397	815
Peguis Training & Employment	<u>400</u>	<u>-</u>
	\$ <u>191,564</u>	\$ <u>2,070</u>

Amounts due to related parties are unsecured and non-interest bearing with no fixed terms of repayment. The organization and the above parties are related by virtue of the common control of Peguis First Nation Chief and Council.

8. EMPLOYEE FUTURE BENEFITS

Pension Plan

The organization's pension plan expenditure for the year ended March 31, 2023 was \$29,528 (year ended March 31, 2022 - \$29,168 ). The plan is funded equally by the organization and the organization's employees at a rate of 5.3% of the employees' salaries. The funds are invested into mutual funds in accordance with the organization's individual employees' investment directives.

# PEGUIS VLT OPERATIONS O/A PEGUIS GAMING COMMISSION

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## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

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### 9. COMMITMENTS

During year ended March 31, 2015, the organization entered into a Siteholder Agreement with Manitoba Lotteries Corporation (whom retains ownership of the property) for 10 video lottery terminals. The exchange amount for the organization is payment of administration fees to Manitoba Lotteries Corporation totalling \$187,000 over 7 years at the rate of 2.35% per annum repayable in weekly installments of \$557. The commitment balance was originally scheduled to be paid in full by December 2021. However, the weekly payments were placed on hold by Manitoba Lotteries Corporation during the periods of time when the gaming site was closed due to COVID-19 outbreaks. The outstanding balance is fully paid as of March 31, 2023 (year ended March 31, 2022 - \$28,089).

### 10. FINANCIAL INSTRUMENTS

The financial instruments of the organization consist of cash, accounts receivable, inventory, due from related parties, accounts payable and accrued liabilities, due to related parties and accrued termination benefits. Unless otherwise disclosed, it is management's opinion that the organization is not exposed to significant interest, currency, credit or liquidity risks arising from these financial instruments.

### 11. RELATED PARTY TRANSACTIONS

The following table summarizes the organization's related party transactions for the year:

	2023	2022
Revenue		
Peguis Treaty Committee	\$	\$ 6,656
Expenses		
Peguis First Nation	<b>64,454</b>	120,000

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties. The organization and the above parties are related by virtue of the common control of Peguis First Nation Chief and Council.

### 12. COMPARATIVE FIGURES

Certain prior year comparative figures have been reclassified where necessary to conform with the financial statement presentation adopted for the current year.