Louis Riel Capital Corporation
Non-Consolidated Financial Statements
March 31, 2023

MNP LLP

Page

MNP LLP

To the Members of Louis Riel Capital Corporation:

Opinion

We have audited the non-consolidated financial statements of Louis Riel Capital Corporation (the "Organization"), which comprise the non-consolidated statement of financial position as at March 31, 2023, and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian 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 Non-Consolidated Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the non-consolidated financial statements as a whole. The supplementary information presented in the attached schedules 1 to 10 is presented for the purpose of additional analysis and is not a required part of the basic non-consolidated financial statements. Such supplementary information has been subjected only to auditing procedures applied in the audit of the basic non-consolidated financial statements, taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Non-Consolidated Financial Statements

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

In preparing the non-consolidated financial statements, management is responsible for assessing the Organization’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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization’s financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the non-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 non-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 non-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 Organization’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 Organization’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 non-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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

Winnipeg, Manitoba

MNP LLP

July 6, 2023

Chartered Professional Accountants

Louis Riel Capital Corporation
Non-Consolidated Statement of Financial Position
As at March 31, 2023

	2023	*2022*
Assets		
Current		
Cash	**8,955,000**	8,006,202
Accounts receivable	**362,408**	359,140
Accrued interest	**88,495**	34,043
Prepaid expenses and deposits	**16,925**	17,781
Restricted cash *(Note 3)*	**2,273,695**	3,842,053
	11,696,523	12,259,219
Capital assets *(Note 4)*	**4,876**	7,110
Investment in profit-oriented subsidiaries *(Note 5)*	**223,341**	242,594
Loans receivable *(Note 6)*	**10,850,457**	12,013,910
Due from related parties *(Note 7)*	**3,444,253**	4,017,654
Property held for resale *(Note 8)*	**188,183**	241,101
	26,407,633	28,781,588
Liabilities		
Current		
Accounts payable and accruals	**649,670**	467,141
Due to related parties *(Note 7)*	**511,082**	-
Deferred revenue *(Note 9)*	**519,685**	324,000
Undisbursed contributions *(Note 10)*	**571,050**	2,628,706
Current portion of long-term debt *(Note 12)*	**469,415**	1,600,996
	2,720,902	5,020,843
Long-term debt *(Note 12)*	**79,834**	3,247,503
	2,800,736	8,268,346
Net Assets	**23,606,897**	20,513,242
	26,407,633	28,781,588

Approved on behalf of the Board of Directors

Director

	2023	2022
Revenue		
Indigenous Services Canada	**2,390,818**	2,980,588
Interest *(Note 6)*	**1,233,030**	642,651
Manitoba Metis Federation Inc. *(Note 11)*	**311,483**	492,060
Expense recovery *(Note 11)*	**288,873**	283,191
National Aboriginal Capital Corporations Association	**230,007**	-
Other revenue	**113,341**	3,795
Loan revenue	**112,861**	64,538
Management fees *(Note 11)*	**17,250**	17,250
Rental	**6,000**	7,950
Legal settlement	**2,000**	12,049
	4,705,663	4,504,072
Expenses		
Administrative	**8,000**	8,000
Advertising	**35,480**	22,905
Amortization	**2,234**	3,292
Bad debts (recovery)	**103,493**	(49,768)
Bank charges and interest	**1,997**	1,781
Computer software and equipment	**20,027**	13,606
Credit searches	**8,141**	7,489
Directors honoraria	**17,500**	15,550
Directors travel	**12,429**	3,159
Insurance	**16,747**	9,852
Land title searches and equifax	**4,199**	4,096
Management fees	**18,740**	41,000
Membership fees	**1,120**	720
Office	**167,132**	48,614
Professional fees	**35,209**	29,913
Project disbursements and non-repayable business loans	**1,551,277**	2,116,645
Property tax	**2,076**	-
Rent *(Note 11)*	**60,033**	60,033
Repairs and maintenance	**64,283**	48,850
Salaries and benefits	**1,157,688**	999,802
Sponsorships	**8,235**	5,700
Telephone	**2,580**	9,468
Training and education	**350**	788
Travel	**8,698**	4,030
Workshops	**55,852**	-
	3,363,520	3,405,525
Excess of revenue over expenses before other items	**1,342,143**	1,098,547
Other items		
Earnings (loss) from investment in subsidiaries *(Note 5)*	**(19,254)**	1,106
Foreign exchange loss	**(5,559)**	-
Write-down on property held for resale	**-**	(108,003)
	(24,813)	(106,897)
Excess of revenue over expenses	**1,317,330**	991,650

	Operating Equity	*Contributed Equity*	***2023***	*2022*
Net assets, beginning of year	**11,195,474**	**9,317,768**	**20,513,242**	16,803,824
Excess of revenue over expenses	**1,317,330**	**-**	**1,317,330**	991,650
Contributions to capital (Note 13)	**-**	**1,776,325**	**1,776,325**	2,717,768
Net assets, end of year	**12,512,804**	**11,094,093**	**23,606,897**	20,513,242

	2023	*2022*
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**1,317,330**	991,650
Amortization	**2,234**	3,292
Loss (earnings) from investment in subsidiaries	**19,254**	(1,106)
Write-down of property held for sale	**-**	108,003
	1,338,818	1,101,839
Changes in working capital accounts		
Accounts receivable	**(3,268)**	1,351,926
Accrued interest	**(54,452)**	(2,263)
Prepaid expenses and deposits	**856**	(2,437)
Accounts payable and accruals	**182,528**	308,387
Deferred revenue	**195,685**	(781,480)
Undisbursed contributions	**(2,057,656)**	(527,556)
	(397,489)	1,448,416
Financing		
Changes in advances from (to) related parties	**1,084,483**	(1,179,328)
Decrease in loan payable	**-**	(500,000)
Capital contributions	**1,776,325**	2,717,767
Repayments of long-term debt	**(4,299,250)**	(135,751)
	(1,438,442)	902,688
Investing		
Repayment (advances) of loans receivable	**1,163,453**	(218,262)
Increase (decrease) in property held for sale	**52,918**	(20,414)
Increase (decrease) in restricted cash	**1,568,358**	(66,221)
	2,784,729	(304,897)
Increase in cash resources	**948,798**	2,046,207
Cash resources, beginning of year	**8,006,202**	5,959,995
Cash resources, end of year	**8,955,000**	8,006,202

1. Incorporation and nature of the organization

Louis Riel Capital Corporation (the “Organization”) was incorporated August 21,1992 under the laws of the Province of Manitoba. The Organization commenced operations October 1, 1992 as a not-for-profit organization and thus is exempt from income taxes under section 149(1)(I) of the Income Tax Act (the "Act"). In order to maintain its status as registered not-for-profit organization under the Act, the Organization must meet certain requirements within the Act. In the opinion of management these requirements have been met. The Organization was initially funded by the Government of Canada under its Canadian Aboriginal Economic Development Strategy (CAEDS).

The Organization’s mandate is to make certain loans and guarantees for the start-up, acquisition, or expansion of commercial businesses owned and controlled by the Metis people of Manitoba.

2. Significant accounting policies

The non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks.

Restricted cash

Restricted cash are bank accounts that are used for specific program funding.

Investment in a profit-oriented subsidiary

The Organization’s investments in its wholly-owned subsidiaries, 5785066 Manitoba Ltd., 6106111 Manitoba Ltd., Louis Riel Capital Investments Inc., LRCC Metis N4 Investment Inc., are accounted for using the equity method. Accordingly, the investments are recorded at acquisition cost and is increased for the proportionate share of post-acquisition earnings and decreased by post-acquisition losses and distributions received.

Any contingent consideration for the acquisition of a subsidiary is measured at fair value at the date of acquisition and included in the carrying amount of the investment.

All transactions with the subsidiary are disclosed as related party transactions.

Loans receivable

Loans receivable consist of long-term loans the Organization originates on its own behalf. Loans receivable are reported net of an allowance of doubtful loans. The Organization maintains an allowance for doubtful loans that reduces the carrying value of loans identified as impaired to their estimated realizable amounts.

Loans on which collection action has been taken and no recovery is anticipated are written-off. Subsequent recoveries are recognized in earnings.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Furniture and fixtures	declining balance	20 %
Office equipment	declining balance	33 %
Leasehold improvements	declining balance	10 %

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

Long-lived assets

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

The Organization performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. If the carrying amount is not recoverable, impairment is then measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in earnings (loss) for the year.

Long-lived assets are classified as held for sale when all of the following criteria are met:

- Management, having the authority to approve the action, commits the Organization to a plan to sell the asset;
- The asset is available for immediate sale in its present condition;
- The Organization has initiated an active program to locate a buyer;
- The sale is probable, and is expected to qualify for recognition as a completed sale within one year;
- The asset is being actively marketed for sale at a reasonable price relative to its fair value; and
- It is unlikely that the plan to sell the asset will be withdrawn or that significant changes will be made to the plan.

Long lived assets classified as held for sale are initially measured at the lower of their carrying amount and fair value less costs to sell, and are not amortized.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm’s length transaction (“arm’s length financial instruments”) are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm’s length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or 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. 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 less impairment. With the exception of financial liabilities indexed to a measure of the Organization’s performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

2. Significant accounting policies (Continued from previous page)

Related party financial instruments

The Organization initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Organization has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or 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. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenue over expenses.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

2. Significant accounting policies (Continued from previous page)

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

Deferred revenue

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the non-consolidated statement of financial position in the year of receipt, and is matched with the related program expenses in the year of their occurrence.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Loan interest, fees, and other revenues are recognized when the amount to be received can be reasonably estimated and collection is reasonably assured.

Measurement uncertainty (use of estimates)

The preparation of non-consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 non-consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable, accrued interest, loans receivable, and due from related parties are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. No allowances have been made on accounts receivable, accrued interest and due from related parties. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

3. Restricted cash

The Organization administers programs for a specific use and the cash is restricted for that use. They consist of the following:

	2023	*2022*
Business Equity Contribution Fund	**325,110**	631,567
First Time Home Purchase Program	**277,146**	928,310
Metis Emergency Business Loan Fund	**1,173,987**	2,032,009
MMF Licensed Home Child Care Program	**49,134**	249,607
Code Red Program	**1,804**	560
Metis Women Entrepreneurship Program	**446,514**	-
	2,273,695	3,842,053

4. Capital assets

	Cost	*Accumulated amortization*	*2023 Net book value*
Furniture and fixtures	**45,990**	**45,296**	**694**
Office equipment	**73,629**	**69,447**	**4,182**
Leasehold improvements	**15,374**	**15,374**	**-**
	134,993	**130,117**	**4,876**

	Cost	*Accumulated amortization*	*2022 Net book value*
Furniture and fixtures	45,990	45,123	867
Office equipment	73,629	67,386	6,243
Leasehold improvements	15,374	15,374	-
	134,993	127,883	7,110

5. Investment in profit-oriented subsidiaries

Profit-oriented subsidiaries accounted for using the equity method

The Organization holds investments in the following profit-oriented subsidiaries, which are accounted for using the equity method:

	% Ownership	*2023*	*2022*
6106111 Manitoba Ltd.	50.00 %	**116,485**	127,929
5785066 Manitoba Ltd.	100.00 %	**88,669**	97,616
Louis Riel Capital Investments Inc.	100.00 %	**10**	983
LRCC Metis N4 Investment Inc.	50.00 %	**18,177**	16,066
		223,341	242,594

6106111 Manitoba Ltd. was incorporated under the laws of the Province of Manitoba on June 24, 2010. 6106111 Manitoba Ltd. operates an owner managed rental property. The Organization has joint control of 6106111 Manitoba Ltd. by owning 50% of the company.

Summary financial information of 6106111 Manitoba Ltd. as at and for the year-end March 31, 2023 and March 31, 2022 is as follows:

	2023	*2022*
Financial Position		
Total assets	**1,183,065**	1,334,799
Total liabilities	**950,095**	1,078,941
Total equity	**232,970**	255,858
Results of Operations		
Total revenue	**216,423**	229,453
Total expenses	**205,077**	191,826
Net income	**11,346**	37,627

5. Investment in profit-oriented subsidiaries *(Continued from previous page)*

5785066 Manitoba Ltd. was incorporated under the laws of the Province of Manitoba on November 17, 2008. 5785066 Manitoba Ltd. owns a rental property and property manages for other companies. The Organization controls 5785066 Manitoba Ltd. as it is the sole shareholder.

Summary financial information of 5785066 Manitoba Ltd. as at and for the year-end March 31, 2023 and March 31, 2022 is as follows:

	2023	*2022*
Financial Position		
Total assets	**3,969,881**	3,651,586
Total liabilities	**3,881,212**	3,553,970
Total equity	**88,669**	97,616
Results of Operations		
Total revenue	**368,182**	325,344
Total expenses	**377,129**	356,210
Net income (loss)	**(8,947)**	(30,866)

Louis Riel Capital Investments Inc. was incorporated under the laws of the Province of Manitoba on August 27, 2013. Louis Riel Capital Investments Inc. provides short term personal and housing loans to the employees of the MMF and their affiliates. The Organization controls Louis Riel Capital Investments Inc. as it is the sole shareholder.

Summary financial information of Louis Riel Capital Investments Inc. as at and for the year-end March 31, 2023 and March 31, 2022 is as follows:

	2023	*2022*
Financial Position		
Total assets	**298,701**	318,345
Total liabilities	**249,616**	267,362
Total equity	**49,085**	50,983
Results of Operations		
Total revenue	**22,588**	21,082
Total expenses	**24,186**	19,337
Net income (loss)	**(1,598)**	1,745

5. **Investment in profit-oriented subsidiaries** *(Continued from previous page)*

LRCC Metis N4 Investment Inc. was incorporated under the laws of the Province of Manitoba on September 13, 2017. LRCC Metis N4 Investment Inc. owns and self manages a rental property. The Organization controls LRCC Metis N4 Investment Inc. by owning 50% of the company.

Summary financial information of LRCC Metis N4 Investment Inc. as at and for the year-end March 31, 2023 and March 31, 2022 is as follows:

	2023	*2022*
Financial Position		
Total assets	**448,522**	455,393
Total liabilities	**412,168**	423,259
Total equity	**36,354**	32,134
Results of Operations		
Total revenue	**62,677**	49,605
Total expenses	**58,332**	37,697
Net income	**4,345**	11,908

6. **Loans receivable**

	2023	*2022*
Loans receivable - profit oriented business	**10,547,580**	12,192,255
Loans receivable - non-profit enterprises	**853,713**	274,301
	11,401,293	12,466,556
Allowance for doubtful loans receivable	**(550,836)**	(452,646)
	10,850,457	12,013,910

The loans receivable are all secured based on the agreements, are due within various maturity dates, and bear interest at at varying annual rates from 5 to 14 1/4%.

The allowance for doubtful loans is based on historical collections experience and represents specific accounts which management believes to be uncollectible. Based on historical collections experience management sets up a 5% allowance on all loans, and adjusts this allowance as needed based on delinquency as approved by the Board.

As at March 31, 2023 the loans receivable include loans to entities that are related through common Directors in the amount of $1,038,087 (2022 - $737,167). The loans to entities that are related through common Directors were made at the normal terms and rates of the Organization.

As at March 31, 2023, interest receivables from entities that are related through common Directors totaled $36,801 (2022 - $3,125).

During the year ended March 31, 2023, the entity recognized interest income from entities that are related through common Directors in the amount of $56,792 (2022 - $43,340).

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.

7. Due from (to) related parties

	2023	*2022*
Due from:		
5785066 Manitoba Ltd.	**2,592,326**	2,486,604
6106111 Manitoba Ltd.	**196,817**	232,412
Louis Riel Capital Investments Inc.	**246,515**	267,362
LRCC Metis N4 Investment Inc.	**408,595**	416,810
Manitoba Metis Federation Inc. (an entity related through common Directors)	**-**	614,466
	3,444,253	4,017,654
Due to:		
Manitoba Metis Federation Inc. (an entity related through common directors)	**511,082**	-

Advances to (from) related parties are unsecured and have no specified interest or repayment terms.

8. Property held for resale

The Organization has possession and legal title of one property (2022 - two properties). It is management's intention to sell the property.

One property was sold for $52,918 during the fiscal year.

9. Deferred revenue

As part of the funding agreement with Indigenous Services Canada (ISC) $900,002 of funding was provided in 2021 to administer the Metis Emergency Business Loan and Top Up Programs. Of this funding $162,000 was recognized during the year (2022 - $216,000).

Summary of deferred revenue balances are as follows:

	2023	*2022*
MMF - Youth Entrepreneurs Program	**198,914**	-
MMF - Small Home Based Business Program	**158,771**	-
ISC - Metis Emergency Business Loan	**162,000**	324,000
	519,685	324,000

10. Undisbursed contributions

Undisbursed contributions at March 31, 2023, total $571,050 (2022 - $2,628,706), which are broken out as follows:

Business Equity Contribution Fund

Louis Riel Capital Corporation entered into an agreement with Indigenous Services Canada under a program delivery approach called the Business Equity Contribution Fund (BECF). Under the program Louis Riel Capital Corporation will receive funds and make non-refundable contributions to eligible Indigenous businesses that have viable business activities in a defined geographic area. Indigenous Services Canada also provides funding to cover expenses to operate the program.

The Organization has committed $284,973 (2022 - $567,079) in contributions which have not been disbursed by year end. These amounts are subject to revision and may or may not be disbursed in their entirety by the end of the subsequent year.

Metis Emergency Business Loan

Louis Riel Capital Corporation entered into an agreement with Indigenous Services Canada under a program delivery approach called the Metis Emergency Business Loan (MEBL). Under the program, Louis Riel Capital Corporation will receive funds and make refundable and non-refundable contributions to eligible Metis business negatively affected by the COVID-19 pandemic resulting in increased expenses and/or reduced revenues. Refundable amounts are to be repaid to Indigenous Services Canada when they are repaid to Louis Riel Capital Corporation. Indigenous Services Canada also provides funding to cover expenses to operate the program.

Contributions in the amount of $nil (2022 - $nil) have not yet been disbursed by year end.

Metis Emergency Business Loan - Top Up

Louis Riel Capital Corporation entered into an agreement with Indigenous Services Canada to provide additional Metis Emergency Business Loans. Under the program, Louis Riel Capital Corporation will receive funds and make refundable and non-refundable contributions to eligible Metis businesses negatively affected by the COVID-19 pandemic resulting in increased expenses and/or reduced revenues. Refundable amounts are to be repaid to Indigenous Services Canada when refundable amounts are repaid to Louis Riel Capital Corporation.

Contributions in the amount of $nil (2022 - $nil) have not yet been disbursed by year end.

Code Red Program

Louis Riel Capital Corporation entered into an agreement with the Manitoba Metis Federation Inc. under a program called Code Red. Under the program, Louis Riel Capital Corporation received funds to provide non-repayable grants to Metis businesses suffering because of the COVID-19 pandemic. Louis Riel Capital Corporation is responsible for delivering the services and administering the funding of the Manitoba Metis Federation Inc. Code Red Program. The Manitoba Metis Federation Inc. also provides funding to cover expenses to operate the program.

Contributions in the amount of $600 (2022 - $nil) have not yet been disbursed by year end.

First Time Home Purchase Program

Louis Riel Capital Corporation entered into an agreement with the Manitoba Metis Federation Inc. under a program called Metis Urban & Rural Housing First Time Home Purchase Program (FTHPP). Under the program Louis Riel Capital Corporation received funds to provide assistance for down payments and closing costs to make home ownership a reality for those Metis citizens unable to save up funds to purchase a home. Louis Riel Capital Corporation is directly responsible for delivering the services and administering the funding of the program.

Contributions in the amount of $232,477 (2022 - $895,309) have not yet been disbursed by year end.

10. **Undisbursed contributions** *(Continued from previous page)*

MMF Licensed Home Child Care Program

Louis Riel Capital Corporation entered into an agreement with the Manitoba Metis Federation Inc. under a program called Licensed Home Child Care Program. Under the program, Louis Riel Capital Corporation received funds to provide non-repayable loans to Metis individuals for the initiation of starting a licensed home care program. Louis Riel Capital Corporation is responsible for delivering the services and administering the funding of the Manitoba Metis Federation Licensed Home Child Care Program. The Manitoba Metis Federation Inc. also provides funding to cover expenses to operate the program.

Contributions in the amount of $45,000 (2022 - $250,000) have not yet been disbursed by year end.

Metis Women Entrepreneurship

Louis Riel Capital Corporation entered into an agreement with the National Aboriginal Capital Corporations Association (NACCA) under a program called Metis Women Entrepreneurship. Under the program, Louis Riel Capital Corporation received funds to provide commercial financing to help Metis women start or expand businesses in Manitoba. Louis Riel Capital Corporation is responsible for delivering the services and administering the funding of the Metis Women Entrepreneurship. NACCA also provides funding to cover expenses to operate the program.

Contributions in the amount of $8,000 (2022 - $72,500) have not yet been disbursed by year end.

COVID-19 Indigenous Small and Medium-Sized Enterprises Initiative

Louis Riel Capital Corporation entered into an agreement with Indigenous Services Canada under the COVID-19 Indigenous Small and Medium-Sized Enterprises Initiative. Under the program, Louis Riel Capital Corporation will receive funds and make non-refundable contributions to eligible Metis business negatively affected by the COVID-19 pandemic resulting in increased expenses and/or reduced revenues.

Contributions in the amount of $nil (2022 - $844,818) have not yet been disbursed by year end.

11. Related Party Transactions

	2023	*2022*
5785066 Manitoba Ltd.		
Expense recoveries	**225,368**	207,009
6106111 Manitoba Ltd.		
Management fee income	**17,250**	17,250
Expense recoveries	**19,313**	15,345
Louis Riel Capital Investments Inc.		
Expense recoveries	**17,755**	20,848
LRCC Metis N4 Investment Inc.		
Expense recoveries	**8,437**	8,115
Manitoba Metis Federation Inc.		
Program operating revenue	**311,483**	492,060
Rent and common area expenses	**60,033**	60,033
Metis Economic Development Fund		
Expense recoveries	**18,000**	-

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.

12. Long-term debt

	2023	*2022*
Indigenous Service Canada ("ISC") non-interest bearing contributions for the Metis Emergency Business Loans repayable in monthly payments equal to the amounts repaid to Louis Riel Capital Corporation from recipients of the program. The loan matures on April 30, 2025 and is secured by the ISC Funding agreement. There is a related receivable that offsets these loans, therefore LRCC is not obligated for any delinquency.	**281,223**	3,532,403
Indigenous Service Canada ("ISC") non-interest bearing contributions for the Metis Emergency Business Loans - Top Up repayable in monthly payments equal to the amounts repaid to Louis Riel Capital Corporation from recipients of the program. The loan matures on April 30, 2025 and is secured by the ISC Funding agreement.	**268,026**	1,316,096
	549,249	4,848,499
Less: Current portion	**469,415**	1,600,996
	79,834	3,247,503

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

	Principal
2024	469,415
2025	79,834
	549,249

13. Contributions to capital

Contributions to capital at March 31, 2023, total $1,776,325 (2022 - $2,717,768), which consists of the following:

Indigenous Services Canada provided contributed capital of $2,500,000 (2022 - $2,500,000) to provide funding for the delivery of loans to Metis businesses and individuals. The current year contributed capital is offset by $1,073,675, due to adjustments from Aboriginal Development Lending Assistance (ALDA) and contributions from the MMF toward revenue for their related programs.

The National Aboriginal Capital Corporations Association has contributed $100,000 (2022 - $nil) for loans under the Indigenous Women's Entrepreneurship Program and $250,000 (2022 - $nil) for loans under the Women's Entrepreneurship Loan Fund Program.

14. Financial instruments

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

Credit concentration

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Organization to credit risk consist principally in accounts receivable and loans receivable. The Organization's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows: Accounts receivable - $362,408 (2022 - $359,140); loans receivable - $11,401,293 (2022 - $12,466,556); and due from related parties $3,444,253 (2022 - $4,017,654)

The Organization has limited concentration of credit risk as loans receivable are spread among a broad client base and are secured based on agreements. The Organization establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimate and assumptions regarding current market conditions, customer analysis and historical payment trends.

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 Organization is not exposed to interest rate risk as all debt is non-interest bearing.

15. Guarantee

The Organization has guaranteed a mortgage taken by 6106111 Manitoba Ltd. to a maximum of $250,000. As at March 31, 2023 the mortgage has an outstanding balance of $544,230 (2022 - $588,514). Payment under this guarantee, which will remain in place until the loan is fully repaid, is required if there is a default or arrears. There has been no liability recorded for this guarantee.

16. Economic dependence

The Organization receives some of its funding from various Federal Government departments. The Organization's ability to continue viable operations is dependent upon following the criteria within the funding agreements. As at the date of these non-consolidated financial statements the Organization believes that it is in compliance with these funding agreements.

17. Comparative figures

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

	2023 **(unaudited)**	2022 (unaudited)
Revenue		
Indigenous Services Canada	**1,470,000**	1,237,500
Expenses		
Project disbursements and non-repayable business loans	**1,498,277**	1,096,645
Excess (deficiency) of revenue over expenses	**(28,277)**	140,855

Schedule 2 - Business Equity Contribution Fund - Operations

For the year ended March 31, 2023

	2023 **(unaudited)**	*2022* *(unaudited)*
Revenue		
Indigenous Services Canada	**230,000**	200,000
Interest	**3,978**	8,971
	233,978	208,971
Expenses		
Administrative	**8,000**	8,000
Advertising	**9,722**	5,414
Bank charges and interest	**51**	55
Computer software and equipment	**18,371**	13,106
Directors travel	**1,813**	960
Insurance	**2,000**	2,000
Management fees	**17,000**	17,000
Office	**4,442**	3,983
Professional fees	**6,000**	6,000
Rent	**16,000**	16,000
Repairs and maintenance	**291**	-
Salaries and benefits	**115,769**	135,457
Training and education	**-**	146
Travel	**2,240**	715
	201,699	208,836
Excess of revenue over expenses	**32,279**	135

	2023 (unaudited)	*2022 (unaudited)*
Revenue		
Indigenous Services Canada	-	500,000
Expenses		
Project disbursements and non-repayable business loans	-	440,000
Excess of revenue over expenses	-	60,000

Schedule 4 - Metis Emergency Business Loan - Operations

For the year ended March 31, 2023

	2023 (unaudited)	*2022 (unaudited)*
Revenue		
Indigenous Services Canada	**162,000**	216,000
Interest	**44,284**	31,281
	206,284	247,281
Expenses		
Bank charges and interest	**240**	159
Management fees	**-**	18,000
Office	**1,000**	1,500
Professional fees	**4,500**	6,000
Rent	**14,000**	17,500
Salaries and benefits	**142,500**	173,000
	162,240	216,159
Excess of revenue over expenses	**44,044**	31,122

	2023 (unaudited)	*2022 (unaudited)*
Revenue		
Indigenous Services Canada	-	500,000
Expenses		
Project disbursements and non-repayable business loans	-	580,000
Deficiency of revenue over expenses	-	(80,000)

	2023 (unaudited)	*2022 (unaudited)*
Revenue		
Manitoba Metis Federation Inc.	**120,083**	107,094
Interest	**7,057**	2,466
Loan Revenue	**720**	-
	127,860	109,560
Expenses		
Advertising	**2,286**	1,325
Bad debts	**3,778**	-
Office	**2,573**	970
Professional fees	**2,500**	2,500
Rent	**6,000**	6,000
Repairs and maintenance	**3,427**	-
Salaries and benefits	**96,242**	95,347
Software purchases	**1,063**	500
Telephone	**682**	-
Travel	**1,720**	452
Workshops	**3,591**	-
	123,862	107,094
Excess of revenue over expenses	**3,998**	2,466

Louis Riel Capital Corporation
Schedule 7 - Code Red Program - Operations
For the year ended March 31, 2023

	2023 **(unaudited)**	2022 (unaudited)
Revenue		
Manitoba Metis Federation Inc.	**-**	267,429
Interest	**669**	1,664
	669	269,093
Expenses		
Advertising	**-**	525
Bank charges and interest	**26**	135
Office	**(1,655)**	2,793
Repairs and maintenance	**-**	470
Salaries and benefits	**-**	227,817
	(1,629)	231,740
Excess of revenue over expenses	**2,298**	37,353

	2023 (unaudited)	*2022 (unaudited)*
Revenue		
Manitoba Metis Federation Inc.	**191,400**	117,538
Interest	**8,165**	6,925
Mortgage discharge fees	**3,900**	-
	203,465	124,463
Expenses		
Advertising	**2,149**	1,058
Bank charges and interest	**45**	7
Directors honoraria	**-**	750
Directors travel	**33**	150
Land title searches and equifax	**3,288**	1,500
Management fees	**1,740**	6,000
Office	**5,555**	691
Professional fees	**12,100**	1,500
Rent	**13,800**	7,500
Repairs and maintenance	**7,717**	139
Salaries and benefits	**152,755**	96,681
Sponsorships	**2,500**	-
Telephone	**1,484**	521
Travel	**272**	24
	203,438	116,521
Excess of revenue over expenses	**27**	7,942

	2023 (unaudited)	*2022 (unaudited)*
Revenue		
National Aboriginal Capital Corporations Association	**18,750**	-
Expenses		
Professional fees	**1,875**	-
Rent	**1,875**	-
Salaries and benefits	**15,000**	-
	18,750	-
Excess (deficiency) of revenue over expenses	**-**	-

Louis Riel Capital Corporation
Schedule 10 - Schedule of Metis Women's Entrepreneurship Program - Operations
For the year ended March 31, 2023

	2023 (unaudited)	*2022 (unaudited)*
Revenue		
National Aboriginal Capital Corporations Association		
BSO	**78,400**	-
Workshops	**49,975**	-
Non-repayable loan	**45,000**	-
Administration	**29,882**	-
Grant and mentorship	**8,000**	-
Loan revenue	**1,666**	-
Interest	**64**	-
	212,987	-
Expenses		
Advertising	**5,951**	-
Office	**2,602**	-
Professional fees	**1,500**	-
Project disbursements and non-repayable business	**53,000**	-
Rent	**4,125**	-
Repairs and maintenance	**2,343**	-
Salaries and benefits	**78,565**	-
Software purchases	**593**	-
Workshops	**52,261**	-
	200,940	-
Excess of revenue over expenses	**12,047**	-

MNP LLP