

**Caldwell First Nation**

**Financial Statements**

**March 31, 2016**

## INDEPENDENT AUDITOR'S REPORT

### To the Council of Caldwell First Nation

We have audited the accompanying financial statements of Caldwell First Nation, which comprise the statement of financial position as at March 31, 2016, and the statement of operations, statement of changes in net financial assets and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, these financial statements present fairly, in all material respects, the statement of financial position of Caldwell First Nation as at March 31, 2016, and the statement of operations, statement of changes in net financial assets and statement of cash flow for the year then ended in accordance with Canadian public sector accounting standards.

**HICKS, MacPHERSON, IATONNA  
& DRIEDGER LLP**

*Hicks, MacPherson, Iatonna  
& Driedger LLP*



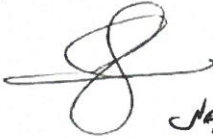
Leamington, Ontario  
December 21, 2016

Chartered Professional Accountants  
Licensed Public Accountants

**Caldwell First Nation**  
**Statement of Financial Position**  
**as at March 31**

	2016	2015
<b>Assets</b>		
<b>Financial Assets</b>		
Cash	\$ 4,684,766	\$ 8,601,728
Accounts receivable	21,066	71,355
Trust income receivable (note 8)	588,204	512,398
Loan receivable - affiliate	55,000	55,000
Long term investments (note 1)	6,963,870	4,656,466
Caldwell infant trust (note 1)	319,442	418,952
	<b>12,632,348</b>	<b>14,315,899</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	196,416	14,717
Deferred revenue (note 1 and 6)	376,799	327,745
Caldwell infant trust payable (note 1)	319,442	418,952
	<b>892,657</b>	<b>761,414</b>
<b>Net Financial Assets</b>	<b>11,739,691</b>	<b>13,554,485</b>
<b>Non-Financial Assets</b>		
Tangible capital assets - net (note 3)	19,028,865	15,265,611
Prepaid expenses	53,839	45,560
Prepaid deposit (note 7)	169,500	-
	<b>19,252,204</b>	<b>15,311,171</b>
<b>Accumulated Surplus - General Fund</b>	<b>27,540,672</b>	<b>25,515,943</b>
<b>Accumulated Surplus - OFNLP Invested in TCAs (note 9)</b>	<b>3,451,225</b>	<b>3,349,712</b>
	<b>\$ 30,991,897</b>	<b>\$ 28,865,655</b>

On Behalf of the Nation

  
  
 JAMES PETERS

**Caldwell First Nation**  
**Statement of Operations**  
**for the years ended March 31**

	2016	2015
<b>Revenue</b>		
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 147,775	\$ 147,531
Association of Iroquois and Allied Indians (AIAI)	183,204	162,224
OFNLP	419,303	741,797
Investment and trust revenue	3,904,409	4,868,343
Rent and miscellaneous	128,065	116,183
Hunting and fishing, CORDA, fundraising	36,839	3,610
Employment and training	89,273	131,445
Crop sales	309,656	129,514
	<b>5,218,524</b>	<b>6,300,647</b>
<b>Expenses</b>		
Salaries, benefits, honorariums	303,966	253,516
Elections, membership meetings	42,982	25,073
Professional fees	59,673	21,942
Bank charges and interest	20	125
Office	19,271	16,225
Telephone, utilities	18,603	17,881
Travel, meals	33,988	35,617
Programs, supplies	151,819	108,507
Library	-	520
Community and economic development - OFNLP	313,757	235,751
Administration, other	239,093	217,980
Insurance	6,500	5,894
Amortization	25,641	26,057
Farming expenses	212,928	70,092
Employment and training	88,309	130,816
Cost of living assistance	1,365,000	1,275,000
	<b>2,881,550</b>	<b>2,440,996</b>
<b>Revenue Over Expenses From Operations</b>	<b>2,336,974</b>	<b>3,859,651</b>
<b>Unrealized (Loss) on Investments</b>	<b>(210,732)</b>	<b>(89,707)</b>
<b>Annual Surplus</b>	<b>2,126,242</b>	<b>3,769,944</b>
<b>Accumulated Surplus, Beginning of Year</b>	<b>28,865,655</b>	<b>25,095,711</b>
<b>Accumulated Surplus, End of Year</b>	<b>\$ 30,991,897</b>	<b>\$ 28,865,655</b>

**Caldwell First Nation**  
**Statement of Change in Net Financial Assets**  
**for the years ended March 31**

	2016	2015
<b>Annual Surplus</b>	<b>\$ 2,126,242</b>	<b>\$ 3,769,944</b>
Acquisition of tangible capital assets	(3,788,895)	(1,767,176)
Amortization on tangible capital assets	25,641	26,057
Change in prepaid expenses and deposits	(177,782)	(18,114)
<b>Change in Net Financial Assets</b>	<b>(1,814,794)</b>	<b>2,010,711</b>
<b>Net Financial Assets, Beginning of Year</b>	<b>13,554,485</b>	<b>11,543,774</b>
<b>Net Financial Assets, End of Year</b>	<b>\$ 11,739,691</b>	<b>\$ 13,554,485</b>

**Caldwell First Nation**  
**Statement of Cash Flow**  
**for the years ended March 31**

	2016	2015
<b>Cash flow from operating activities</b>		
Cash received from funders, members, etc.	\$ 1,409,771	\$ 1,093,587
Cash paid to suppliers, employees, etc.	(2,848,305)	(2,423,400)
	(1,438,534)	(1,329,813)
<b>Cash flow from financing activities</b>		
Transfer of funds to affiliate	-	(35,000)
Repayment of loan	-	(1,558,874)
	-	(1,593,874)
<b>Cash flow from investing activities</b>		
Purchase of tangible capital assets	(3,788,895)	(1,767,176)
Investment and trust revenue received	3,617,871	4,634,565
Redemption (purchase) of long term investments	(2,307,404)	1,912,236
	(2,478,428)	4,779,625
<b>Net Change in Cash</b>	(3,916,962)	1,855,938
<b>Cash, Beginning of Year</b>	8,601,728	6,745,790
<b>Cash, End of Year</b>	\$ 4,684,766	\$ 8,601,728

**Caldwell First Nation**  
**Notes to Financial Statements**  
**for the years ended March 31**

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**Nature of Business**

Caldwell First Nation is a non-profit, non-taxable organization and is engaged in the social, cultural, educational and economic development of its member citizens.

**1. Summary of Accounting Policies**

The financial statements have been prepared by the management of the Nation in accordance with Canadian generally accepted accounting principles for governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

This reporting entity includes the Caldwell First Nation government and all related entities that are either owned or controlled by the First Nation.

***Management Responsibility***

The financial statements of Caldwell First Nation are the representation of management prepared in accordance with accounting policies prescribed for government not-for-profit organizations as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

***Use of Estimates***

In preparing the financial statements for the members of Caldwell First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Although these estimates are based on management's best knowledge of current events and actions that the Nation may undertake in the future, actual results could differ from the estimates. Areas of key estimation include valuation of accounts receivable, accounts payable and accrued liabilities, deferred revenue and the carrying amount of tangible capital assets.

***Revenue Recognition***

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue. Funding received under the terms of contribution agreements with the federal government (AANDC, AIAI and OFNLP) is recognized as revenue once eligibility criteria have been met. Investment and trust revenue is recorded as received or the amount is known and collection is reasonably assured. Revenue from the sale of crop is recognized when title passes to the customers, which is generally at the time goods are shipped. All other revenue is recorded as received.

***Deferred Revenue***

Revenue restricted by external purposes or not yet available for Nation use is reported as deferred revenue on the statement of financial position. The revenue is reported on the statement of operations in the year in which it is used for specified purposes.

**Caldwell First Nation**  
**Notes to Financial Statements**  
**for the years ended March 31**

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**1. Summary of Accounting Policies (Cont'd)**

***Financial Instruments***

***Measurement of Financial Instruments***

The Nation initially measures its financial assets and financial liabilities at fair value.

The Nation subsequently measures all its financial assets and financial 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 in net financial assets.

Financial assets measured at amortized cost include accounts receivable and loan receivable affiliate.

Financial assets measured at fair value include cash, trust income receivable, long term investments and Caldwell infant trust.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and deferred revenue.

Financial liabilities measured at fair value include Caldwell infant trust payable.

***Impairment***

Financial assets measured at cost are tested for impairment when there are indicators of impairment. At the present time there are no indications of impairment.

***Transaction Costs***

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

***Asset Classification***

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

***Investments***

Long term investments are recorded at market value. These investments include government bonds, mutual funds and various equity holdings. Any income earned on these investments is to be paid to the Nation at least annually for operational purposes.

Caldwell Infant Trust was established on June 8, 2011 to hold the sum of \$24,000 for each member that was under the age of 18 as of August 21, 2010. This trust is managed by The Canada Trust Company. Principal and accrued interest is to be paid out to each member as they attain the age of 18. This trust is recorded at market value and a corresponding payable has been recorded in the liabilities.

**Caldwell First Nation**  
**Notes to Financial Statements**  
**for the years ended March 31**

**2. Financial Instrument Classification**

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value shown below.

	Fair Value	Amortized Cost	Total
Cash	\$ 4,684,766	\$ -	\$ 4,684,766
Accounts receivable	-	21,066	21,066
Trust income receivable	588,204	-	588,204
Loan receivable - affiliate	-	55,000	55,000
Long term investments	6,963,870	-	6,963,870
Caldwell infant trust	319,442	-	319,442
Accounts payable and accrued liabilities	-	196,416	196,416
Deferred revenue	-	376,799	376,799
Caldwell infant trust payable	319,442	-	319,442

The cash is a fair value measurement which is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price.

**3. Tangible Capital Assets**

Tangible capital assets are recorded at historical cost. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets.

Amortization is reflected on a declining balance basis over the estimated useful life of the assets. It is the Nation's policy not to amortize assets in the year of acquisition. The amortization rates are as follows:

Land	Indefinite life
Building, hunting and fishing facility	4%
Equipment	20%
Solar equipment	30%

	Cost	Accumulated Amortization	Net Book Value 2016	Net Book Value 2015
Land	\$ 18,025,977	\$ -	\$ 18,025,977	\$ 14,775,790
Building	417,638	42,969	374,669	368,460
Hunting and fishing facility	60,257	10,343	49,914	52,091
Equipment	544,135	13,003	531,132	20,860
Solar equipment	49,603	2,430	47,173	48,410
	<b>\$ 19,097,610</b>	<b>\$ 68,745</b>	<b>\$ 19,028,865</b>	<b>\$ 15,265,611</b>

**Caldwell First Nation**  
**Notes to Financial Statements**  
**for the years ended March 31**

**4. Contingency**

The Nation receives funding from various government agencies based on specific program needs and budgets and allocates certain expenses to the various programs. In many cases, the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their programs. At this time, no estimate of the requirements, if any, to reimburse the agencies can be made for current funding. Management of the Nation feels that their allocations of expenses are fair and appropriate in the circumstances.

**5. Health Program (Schedule 5)**

Funding included under this category includes the following:

	2016	2015
Health Consultation	\$ 2,250	\$ 2,250
Health Promotion	5,000	-
Health Careers	13,640	3,000
Public Health Consultations	1,600	-
Health and Social Services	4,000	2,000
	<u>\$ 26,490</u>	<u>\$ 7,250</u>

**6. Deferred Revenue**

	2016	2015
Deferred revenue is comprised of:		
OFNLP	\$ 373,299	\$ 324,245
Other	3,500	3,500
	<u>\$ 376,799</u>	<u>\$ 327,745</u>

**7. Commitments**

The Nation has entered into an agreement to construct a retaining wall at the Happy Snapper Marina. The balance of this agreement will be paid in the next fiscal year in the amount of \$111,716.

**Caldwell First Nation**  
**Notes to Financial Statements**  
**for the years ended March 31**

**8. Related Entity**

Caldwell First Nation has an economic interest in the Caldwell Settlement Trust.

Caldwell Settlement Trust ("Trust") was settled under a Deed of Trust by the Caldwell First Nation ("Caldwell") as Settlor by the payment of an initial contribution on May 25, 2011. A further contribution in the amount of \$75,000,000 was subsequently made to the Trust by the Government of Canada.

The Trust was established to effect the investment and distribution of the monies due to Caldwell; to build out a Reserve, to finance Caldwell programs, services and activities; to provide income to Caldwell Institutions; and to generally benefit Caldwell future generations.

The assets, liabilities, results of operations and cash flows for the Trust for the years ended December 31 are as follows:

	2016	2015
<b><i>Financial position:</i></b>		
Total assets	\$ 83,646,287	\$ 82,226,783
Distributions payable	\$ 3,809,875	\$ 4,298,900
Net assets	79,836,412	77,967,883
	\$ 83,646,287	\$ 82,266,783
<b><i>Results of operations:</i></b>		
Total revenue	\$ 6,379,823	\$ 7,445,691
Total expenses	701,419	676,863
Net income	\$ 5,678,404	\$ 6,768,828
<b><i>Cash flows:</i></b>		
Operating	\$ 5,115,697	\$ 7,860,677
Investing	(1,573,503)	(2,779,295)
Financing	(3,809,875)	(4,301,954)

**9. OFNLP Surplus**

OFNLP funding in the amount of \$3,451,225 (2015 - \$3,349,712) have been utilized to acquire various tangible capital assets.

**10. Budget Amounts**

Budget amounts were not prepared for the March 31, 2016 fiscal year.

**11. Comparative Figures**

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

**Caldwell First Nation**  
**Notes to Financial Statements**  
**for the years ended March 31**

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**12. Financial Instrument Risk Management**

The Nation is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Nation's risk exposure at the balance sheet date.

***Credit Risk***

Credit risk is the risk of financial loss to the Nation if a debtor fails to make payments of interest and principal when due. The Nation is exposed to this risk relating to its cash and accounts receivable. The Nation holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, each of the Nation's cash accounts are insured up to \$100,000 (2015 - \$100,000).

Accounts receivable is primarily due from government agencies. Credit risk is mitigated by the financial solvency of the provincial government.

The Nation measures its exposure to credit risk based on how long the amounts have been outstanding. At the present time, 100% of the Nation's receivables are current.

***Market Risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk and equity risk. The Nation is not exposed to significant currency risk as it does not transact materially in foreign currency.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

***Interest Rate Risk***

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Nation is exposed to this risk through its various investments.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

***Equity Risk***

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Nation is exposed to this risk through its equity holdings within its investment portfolio. The Nation holds a very diversified portfolio in order to manage this risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

**Caldwell First Nation**  
**Notes to Financial Statements**  
**for the years ended March 31**

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**12. Financial Instrument Risk Management (Cont'd)**

***Liquidity Rate Risk***

Liquidity risk is the risk that the Nation will not be able to meet all cash outflow obligations as they come due. The Nation mitigates this risk by monitoring cash activities and expected outflows and maintaining sufficient cash resources at all times.