

Caldwell First Nation

**Financial Statements
March 31, 2018**

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, 2018, and the statement of operations, statement of change in net financial assets and statement of cash flow for the year then ended, and a summary of 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, 2018, and the statement of operations, statement of change 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*

Chartered Professional Accountants
Licensed Public Accountants

Leamington, Ontario
June 22, 2018

Caldwell First Nation
Statement of Financial Position
as at March 31

	2018	2017
Assets		
Financial Assets		
Cash	\$ 8,693,833	\$ 9,122,561
Accounts receivable	460,624	222,308
Trust income receivable (note 8)	720,751	225,368
Loan receivable - affiliate (note 12)	115,486	140,019
Long term investments (note 1)	4,476,994	3,505,622
Caldwell infant trust (note 1)	165,786	265,803
	14,633,474	13,481,681
Liabilities		
Accounts payable and accrued liabilities	152,401	64,194
Deferred revenue (note 1 and 6)	1,154,043	626,906
Caldwell infant trust payable (note 1)	165,786	265,803
	1,472,230	956,903
Net Financial Assets	13,161,244	12,524,778
Non-Financial Assets		
Tangible capital assets - net (note 3)	19,131,747	19,040,020
Prepaid expenses	49,021	32,197
	19,180,768	19,072,217
Accumulated Surplus - General Fund (note 14)	28,748,815	28,145,768
Accumulated Surplus - OFNLP Invested in TCAs (note 9)	3,548,336	3,451,225
Accumulated Surplus - MOH Invested in TCAs (note 10)	44,859	-
	\$ 32,342,010	\$ 31,596,993

See accompanying notes to financial statements and schedules

On Behalf of the Nation



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

	2018	2017
Revenue		
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 135,438	\$ 339,185
Association of Iroquois and Allied Indians (AIAI)	270,506	281,385
OFNLP	238,943	477,409
Investment and trust revenue	4,351,892	2,926,028
Rent	134,146	124,188
Hunting and fishing	4,724	4,672
Employment and training	98,762	105,155
Crop sales and insurance	227,477	266,578
Ministry of Child and Youth Services (MCYS)	173,182	85,413
Ministry of Health (MOH)	55,300	-
Program admin fees	34,351	-
General	12,768	29,185
Tecumseh development	9,500	10,000
Pow Wow recovery	20,000	-
Pow Wow	-	29,904
	5,766,989	4,679,102
Expenses		
Salaries, benefits, honorariums	399,977	461,103
Elections, membership meetings	108,781	16,218
Professional fees	235,208	144,834
Bank charges and interest	1,135	-
Office	22,611	10,685
Telephone, utilities	25,624	21,208
Travel, meals	34,213	30,812
Programs, supplies	346,988	280,911
Consultations	20,722	-
Council meetings	49,841	-
Community and economic development - OFNLP	141,832	115,409
Administration, other	42,040	82,412
Insurance	16,953	16,737
Repairs and maintenance	22,998	66,803
Property taxes	111,695	125,618
Hunting and fishing	4,724	4,672
Amortization	47,443	26,628
Farming expenses	240,943	266,578
Employment and training	98,762	105,155
Cost of living assistance	2,950,000	1,405,000
Pow Wow	-	576,111
Tecumseh development	9,500	10,000
Sturgeon Creek restoration	20,000	-
Marina walls (note 7)	-	288,953
	4,951,990	4,055,847

Caldwell First Nation
Statement of Operations (Cont'd)
for the years ended March 31

	2018	2017
Revenue Over Expenses From Operations	\$ 814,999	\$ 623,255
Unrealized (Loss) on Investments	(69,982)	(18,159)
Annual Surplus	745,017	605,096
Accumulated Surplus, Beginning of Year	31,596,993	30,991,897
Accumulated Surplus, End of Year (note 14)	\$ 32,342,010	\$ 31,596,993

See accompanying notes to financial statements and schedules

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

	2018	2017
Annual Surplus	\$ 745,017	\$ 605,096
Acquisition of tangible capital assets	(139,171)	(37,783)
Amortization on tangible capital assets	47,443	26,628
Change in prepaid expenses and deposits	(16,823)	191,146
Change in Net Financial Assets	636,466	785,087
Net Financial Assets, Beginning of Year	12,524,778	11,739,691
Net Financial Assets, End of Year	\$ 13,161,244	\$ 12,524,778

See accompanying notes to financial statements and schedules

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

	2018	2017
Cash flow from operating activities		
Cash received from funders, members, etc.	\$ 1,703,919	\$ 1,801,941
Cash paid to suppliers, employees, etc.	(4,833,164)	(3,970,299)
	(3,129,245)	(2,168,358)
Cash flow from financing activities		
Transfer of funds (to) from affiliate	24,533	(85,019)
Cash flow from investing activities		
Purchase of tangible capital assets	(139,171)	(37,783)
Investment and trust revenue received	3,856,509	3,270,707
Redemption (purchase) of long term investments	(1,041,354)	3,458,248
	2,675,984	6,691,172
Net Change in Cash	(428,728)	4,437,795
Cash, Beginning of Year	9,122,561	4,684,766
Cash, End of Year	\$ 8,693,833	\$ 9,122,561

See accompanying notes to financial statements and schedules

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

Nature of Business

Caldwell First Nation (the "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 CPA Canada.

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 CPA Canada.

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, trust income 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, OFNLP, MCYS and MOH) 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 or internal 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

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.

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 and prepaid expenses.

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 TD 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	\$ 8,693,833	\$ -	\$ 8,693,833
Accounts receivable	-	460,624	460,624
Trust income receivable	720,751	-	720,751
Loan receivable - affiliate	-	115,486	115,486
Long term investments	4,476,994	-	4,476,994
Caldwell infant trust	165,786	-	165,786
Accounts payable and accrued liabilities	-	152,401	152,401
Deferred revenue	-	1,154,043	1,154,043
Caldwell infant trust payable	165,786	-	165,786

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, computer equipment	30%

	Cost	Accumulated Amortization	Net Book Value 2018	Net Book Value 2017
Land	\$ 18,562,906	\$ -	\$ 18,562,906	\$ 18,562,906
Building	417,638	72,343	345,295	359,682
Hunting and fishing facility	60,257	19,827	40,430	44,923
Equipment	169,163	39,545	129,618	13,894
Solar equipment	49,603	5,028	44,575	45,869
Computer equipment	14,996	6,073	8,923	12,746
	\$ 19,274,563	\$ 142,816	\$ 19,131,747	\$ 19,040,020

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:

	2018	2017
Health Consultation	\$ 2,250	\$ 2,250
Health Promotion	-	730
Health and Social Services	2,000	2,000
Family Violence	18,642	10,000
Youth Cultural Camp	6,750	-
Mental Health Addictions	-	13,594
Family Well Being	-	12,500
Child Welfare and Family Revitalization	-	5,000
Immediate Relief Fund	-	23,064
Family and Community Engagement	11,000	-
Elder Engagement	8,000	-
Data Sharing	12,500	-
Education Reform/Language Strategy	9,396	-
Community Language Strategy	13,200	-
Environmental Issues	2,678	-
C & C Governance	3,986	-
	\$ 90,402	\$ 69,138

6. Deferred Revenue

	2018	2017
Deferred revenue is comprised of:		
OFNLP	\$ 712,895	\$ 425,262
Union Gas	-	3,500
Employment and Training	45,261	22,061
Hunting and Fishing	24,953	24,416
Monitoring	33,926	19,031
Farming	260,312	132,636
Mental Health Crisis Response	32,143	-
Economic Development	12,331	-
Child and Family Services	32,222	-
	\$ 1,154,043	\$ 626,906

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

7. Marina Project

During the prior year, a project was undertaken to construct a new retaining wall at the marina. The project cost a total of \$288,953. Aboriginal Affairs and Northern Development Canada approved special funding in the amount of \$191,438 under Economic Development program. The remaining \$97,515 was covered by Administration.

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:

	2018	2017
<i>Financial position:</i>		
Total assets	\$ 86,282,936	\$ 83,797,607
Distributions payable	\$ 3,630,819	\$ 2,899,423
Net assets	82,652,117	80,898,184
	\$ 86,282,936	\$ 83,797,607
<i>Results of operations:</i>		
Total revenue	\$ 6,093,165	\$ 4,645,561
Total expenses	772,031	715,805
Net income	\$ 5,321,134	\$ 3,929,756
<i>Cash flows:</i>		
Operating	\$ 5,993,572	\$ 3,015,291
Investing	(2,324,908)	(179,994)
Financing	(3,567,201)	(2,867,984)

Trust income receivable in the amount of \$720,751 (2017 - \$225,368) has been recorded to account for the income earned for the period of January - March.

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

9. OFNLP Surplus

OFNLP surplus accounts for tangible capital assets acquired using OFNLP fundng. Current OFNLP funding of \$97,111 (2017 - Nil) was utilized in this manner. Total OFNLP funding in the amount of \$3,548,336 (2017 - \$3,451,225) has been utilized to acquire various tangible capital assets over the years.

10. MOH Surplus

MOH surplus accounts for tangible capital assets acquired using MOH fundng. Current MOH funding of \$44,859 (2017 - Nil) was utilized in this manner. Total MOH funding in the amount of \$44,859 (2017 - NIL) has been utilized to acquire various tangible capital assets over the years.

11. Comparative Figures

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

In the prior year, a qualified audit opinion was issued due to the fact that Caldwell First Nation derived revenue from cash sales related to donations, registration fees, entrance fees and merchandise sales related to the 2016 PowWow. The completeness of these amounts was not susceptible to satisfactory audit verification. As well, Caldwell First Nation made cash expenditures related to the 2016 PowWow primarily in relation to prizes, the accuracy and existence of these amounts was not susceptible to satisfactory audit verification. Therefore, we were unable to obtain sufficient appropriate audit evidence and were unable to determine whether any adjustments might be necessary to the Pow Wow annual deficit, revenue over expenses from operations, annual surplus or accumulated surplus - general fund.

12. Loan Receivable

Monies owing from affiliate are non-interest bearing and carry no formal repayment terms.

13. 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 (2017 - \$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. There have been no changes to credit risk from the prior year.

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

13. Financial Instrument Risk Management (Cont'd)

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.

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.

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

14. Accumulated Surplus

Accumulated surplus is available for future expenditures. During the year, it was decided to allocate this fund according to the surpluses these self-funded programs show during the year. Future surpluses will be added and future deficits will be deducted from these balances. The accumulated surplus is allocated as follows:

	2018	2017
Invested in tangible capital assets	\$ 15,538,552	\$ 15,588,795
Administration surplus	168,941	-
Chief and council initiatives surplus	517,416	-
Property (deficit)	(13,328)	-
General surplus	12,537,234	12,556,973
Accumulated Surplus - General Fund	28,748,815	28,145,768
Accumulated Surplus - OFNLP	3,548,336	3,451,225
Accumulated Surplus - MOH	44,859	-
	\$ 32,342,010	\$ 31,596,993