

**Caldwell First Nation
Consolidated Financial Statements
For the Year Ended March 31, 2022**

**Caldwell First Nation
Consolidated Financial Statements
For the Year Ended March 31, 2022**

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Independent Auditor's Report

To the council of Caldwell First Nation

Opinion

We have audited the consolidated financial statements of Caldwell First Nation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2022, the consolidated statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian Public Sector accounting standards.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the 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.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian Public Sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario
July 25, 2022

**Caldwell First Nation
Consolidated Statement of Financial Position**

March 31	2022	2021
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Financial Assets

Cash	\$20,311,241	\$ 10,496,858
Caldwell infant trusts (Note 2)	1,065,229	627,076
Accounts receivable (Note 13)	471,946	1,028,576
Investment in related parties (Note 3)	<u>1,873,446</u>	1,623,446
	<hr/>	<hr/>
	\$23 721 862	\$ 13 775 956

Liabilities

Accounts payable and accrued liabilities (Note 13)	\$ 623,294	\$ 365,673
Deferred revenue (Note 4)	11,033,504	420,307
Caldwell infant trusts payable (Note 2)	<u>1,065,229</u>	627,076
	<hr/>	<hr/>
	\$12 722 027	\$ 1 413 056

Net Financial Assets	10,999,835	12,362,900
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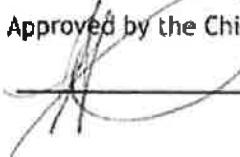
Non-Financial Assets

Prepaid expenses	\$ 240,307	\$ 138,855
Tangible capital assets (Note 5)	<u>22,453,700</u>	22,130,573
	<hr/>	<hr/>
	22,694,007	22,269,428

Accumulated Surplus (Note 6)	\$33,693,842	\$ 34,632,328
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Contingent Liability (Note 15)

Approved by the Chief and Council:



Chief



Council





Caldwell First Nation Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	2022 Budget	2022	2021
Annual deficit	63,694	(952,481)	(744,444)
Acquisition of tangible capital assets	-	(589,551)	(894,700)
Proceeds on disposal of tangible capital assets	7,000	-	-
Amortization of tangible capital assets	-	266,423	208,178
	70,694	(1,275,609)	(1,430,966)
Change in prepaid expenses and deposits	-	(87,456)	(43,562)
Change in Net Financial Assets	70,694	(1,363,065)	(1,474,528)
Net Financial Assets, Beginning of Year	-	12,362,900	13,837,428
Net Financial Assets, End of Year	\$ 70,694	\$10,999,835	\$ 12,362,900

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

Caldwell First Nation Consolidated Statement of Operations

For the year ended March 31	2022 Budget	2022	2021
Revenue			
Indigenous Services Canada	\$ 1,323,441	\$ 890,444	\$ 1,346,571
Association of Iroquois and Allied Indians	919,349	549,985	670,383
Ontario First Nations Limited Partnership	487,080	362,257	587,435
Investment and trust revenue	6,144,395	5,238,137	4,777,259
Rent	151,610	178,523	137,066
Hunting and fishing	2,565	2,565	-
Employment and training	128,926	116,415	62,004
Crop sales and insurance	409,000	450,699	422,628
Ministry of Children, Community and Social Service	397,477	397,477	421,982
Ministry of Health and Long-Term Care	84,322	84,322	84,322
First Nations and Inuit Health Branch	227,444	227,444	164,476
Program administrative fees	206,500	248,828	200,104
General	1,308,066	213,723	30,722
Canadian Mortgage and Housing Corporation	9,882,548	244,872	-
Indigenous Economic Development Fund	75,000	75,000	-
Heritage Canada	-	-	90,000
Mnaasged Child and Family Services	2,000	2,000	750
Parks Canada	274,474	70,662	47,675
Environment and Climate Change Canada	65,000	15,000	15,000
Second Harvest Food Support Committee	-	-	20,000
Tecumseh Community Development Corporation	-	-	50,000
Southwestern Ontario Tourism Corporation	8,400	8,400	6,000
Windsor Essex Community Foundation	-	-	75,000
Ontario Trillium Foundation	485,200	225,170	-
Indigenous Tourism Association of Canada	33,939	33,938	66,062
Hydro One	326,703	308,181	103,276
First Nations Financial Management Board	-	-	7,500
Ministry of Indigenous Affairs	197,434	189,548	100,500
Child and Family Services	169,023	164,511	141,946
Gain on disposal of equipment	-	7,000	-
	23,309,896	10,305,101	9,628,661
Expenses			
Health Care - Schedule 1	1,897,222	1,434,020	1,823,152
Internally Developed - Schedule 2	7,662,638	7,182,298	6,374,000
General - Schedule 3	13,686,342	2,641,264	2,175,952
	23,246,202	11,257,582	10,373,104
Annual surplus (deficit)	\$ 63,694	\$ (952,481)	\$ (744,443)

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

Caldwell First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2022	2021
Cash flows from operating activities		
Annual deficit	\$ (952,481)	\$ (744,443)
Items not affecting cash:		
Amortization of tangible capital assets	<u>266,423</u>	208,178
	(686,058)	(536,265)
Changes in non-cash working capital:		
Accounts receivable	556,630	(718,807)
Prepaid expenses	(87,456)	(43,570)
Accounts payable and accrued liabilities	257,621	(121,678)
Deferred contributions	<u>10,613,196</u>	96,503
	<u>10,653,933</u>	(1,323,817)
Cash flows from investing activities		
Advances to related parties	<u>(250,000)</u>	-
Cash flows to capital activities		
Acquisition of tangible capital assets	<u>(589,550)</u>	(894,702)
Change in Cash	9,814,383	(2,218,519)
Cash, beginning of the year	<u>10,496,858</u>	12,715,377
Cash, end of the year	<u>\$20,311,241</u>	\$ 10,496,858

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2022

1. Significant Accounting Policies

Nature of Business	<p>Caldwell First Nation (the "First Nation") is a non-profit, non-taxable organization located in Leamington, Ontario. The elected government consists of a Chief and four members of Council.</p> <p>The mandate of the organization is to manage and administer all political, social and economic programs of the First Nation.</p>
Management's Responsibility	<p>The organization is exempt from income taxes under the Income Tax Act.</p> <p>These financial statements of the First Nation are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for local government entities.</p>
Revenue Recognition	<p>Revenues are recognized in the period in which the transactions or events give rise to the revenues. All revenues are recorded on an accrual basis.</p> <p>Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.</p> <p>Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized in revenue when used for the specific purpose.</p> <p>Investment and trust revenue is recognized as revenue as received or the amount is known and collection is reasonably assured.</p> <p>Revenue from the sale of crop is recognized when the title passes to the customer, which is generally at the time goods are shipped.</p> <p>Rental revenue is recognized when it is due in accordance with the respective agreements. All other revenue is recorded as received.</p>

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Financial Instruments

The First Nation classifies its financial instruments as either fair value or amortized cost. The First Nation's accounting policy for each category is as follows:

Fair Value

This category includes equity instruments quoted in an active market. They are initially recognized at cost and subsequently carried at fair value. Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

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

Transaction costs are expensed as incurred for financial instruments measured at fair value.

Amortized Cost

This category includes cash, accounts receivable, accounts payable and accrued liabilities, and infant trusts. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets, except for contributions, which are initially recognized at fair value. The carrying amount of each of these financial instruments is presented on the statement of financial position.

All financial assets are tested annually for impairment. Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

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

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Tangible Capital Assets Tangible capital assets are stated at cost less accumulated amortization. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Building	Diminishing balance	4%
Hunting and fishing facility	Diminishing balance	4%
Equipment and tiling	Diminishing balance	20%
Solar equipment	Diminishing balance	30%
Computer equipment	Diminishing balance	30%
Sewer installations	Diminishing balance	20%

Use of Estimates The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

Investments Short term investments are recorded at market value. These investments include seven Caldwell Infant Trusts.

Long term investments are recorded at market value. These investments include government bonds, mutual funds and various equity holdings.

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Basis of Consolidation These consolidated financial statements include the accounts of the organization and its wholly-owned subsidiaries CFN Holdings Limited Partnership, Caldwell First Nation Holdings GP Inc, CFN Cannabis GP Inc, and CFN Cannabis Operating LP. The subsidiaries' assets, liabilities and operations are included in these financial statements and all significant inter-company transactions and balances have been eliminated on consolidation.

Commercial enterprises that meet the definition of a government business enterprise are included in the consolidated financial statements on a modified equity basis. The Company accounted for on a modified equity basis is The Happy Snapper Inc. Under the modified equity method of accounting, only Caldwell First Nation's investment in the government business enterprise, the First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Caldwell First Nation and inter-organizational balances and transactions are not eliminated.

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2022

2. Investments

Short term investments include seven Caldwell Infant Trusts.

- The first trust was established in fiscal 2011 to hold \$24,000 for each member that was under the age of 18 as of August 21, 2010.
- The second trust was established in fiscal 2018 to hold the cost of living assistance distribution for each member that is under the age of 18 at the time of the distribution.
- The third trust was established in fiscal 2019 to hold the cost of living assistance distribution for each member that is under the age of 18 at the time of the distribution.
- The fourth trust was established in fiscal 2020 to hold the cost of living assistance distribution for each member that is under the age of 18 at the time of the distribution.
- The fifth trust was established in fiscal 2021 to hold the cost of living assistance distribution for each member that is under the age of 18 at the time of the distribution.
- The sixth and seventh trusts were established in fiscal 2022 to hold the cost of living assistance distributions for each member that is under the age of 18 at the time of the distribution.

For all trusts, principal and accrued interest is to be paid out to each member as they attain the age of 18. All trusts are recorded at market value and a corresponding payable has been recorded in the liabilities.

Long term investments include government bonds, mutual funds and various equity holdings. These investments are recorded at market value.

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2022

3. Investment in Related Parties

The investment in related parties includes investments in government business enterprises through advances to and shares in these corporations. The advances to these corporations are non-interest bearing, unsecured, and are due on demand.

	2022	2021
Advances to		
The Happy Snapper Inc.	\$ 1,088,275	\$ 838,275
Turtle Landing Inc.	785,160	785,160
Shares		
The Happy Snapper Inc.	10	10
Turtle Landing Inc.	1	1
	<hr/> 1,873,446	<hr/> 1,623,446

The shares in The Happy Snapper Inc. and Turtle Landing Inc. are owned and controlled by the Band and are considered investments in government business enterprises and are accounted for using the modified equity method as indicated in Note 1.

During the year Caldwell First Nation paid a grant to The Happy Snapper of \$75,000 (2021 - \$46,000) and purchased equipment totaling \$51,964 (2021 - \$Nil). These transactions are in the normal course of operations and is measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

The following is key financial statement items for The Happy Snapper Inc.:

	2022	2021
Assets	\$ 873,062	\$ 596,884
Liabilities	1,136,369	867,274
Revenue	72,726	93,651
Net income (loss)	7,083	(206,561)

The following is key financial statement items for Turtle Landing Inc.:

	2022	2021
Assets	785,170	785,170
Liabilities	785,170	785,170
Revenue	-	-
Net income (loss)	-	-

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2022

4. Deferred Revenue

	2022	2021
Association of Iroquois and Allied Indians		
Cannabis Education	\$ 122,000	\$ -
Community Support	-	5,857
Family Well Being	-	7,045
First Nation Child Welfare law Initiative	178,701	-
Language Champions	2,949	-
Responsible Gambling	13,676	-
Tobacco Phase V	41,668	-
Canada Mortgage and Housing Corporation	9,637,676	-
Canada Ontario Resource Development Agreement	17,500	-
Centre for Indigenous Environmental Resources	12,000	-
Environment and Climate Change Canada	50,000	-
Enbridge Youth Initiative	10,000	10,000
Indigenous Languages and Cultures Program	23,408	
Indigenous Services Canada		
Child and Family Services	129,511	33,633
Early Learning and Child Care	100,511	127,161
Economic Development	-	88,725
Enhanced Housing	7,263	-
Indigenous Community Support Fund - COVID-19	62,889	44,210
Mental Health Trauma	50,103	-
On-Reserve Housing	-	1,377
Traditional Healer	-	2,565
Youth Employment Strategy	87,232	52,353
Indigenous Tourism Association Canada	-	33,938
First Nations and Inuit Health Branch	-	3,818
Libro Credit Union - Passive Homes	4,500	-
Ministry of Agriculture & Agri-Food	100,000	-
Ontario Trillium Fund		
Community Building Fund	107,158	-
Resilient Communities Fund	54,385	-
Youth Opportunities Fund	15,063	-
Parks Canada		
Point Pelee National Park	203,813	-
Stories of Canada	-	5,724
	-	1
Southwest Ontario Tourism Corporation	-	2,400
Sparks	1,500	1,500
	<hr/> \$11,033,506	<hr/> \$ 420,307

Caldwell First Nation
Notes to Consolidated Financial Statements

March 31, 2022

5. Tangible Capital Assets

	2022	2021		
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$10,364,331	\$ -	\$ 10,361,731	\$ -
Land - Reserve Status	8,287,370	-	8,287,370	-
Buildings	3,628,020	640,389	3,578,994	524,072
Buildings under construction	208,124	-	-	-
Hunting and fishing facility	60,257	25,918	60,257	24,487
Equipment and tiling	678,442	257,391	355,641	178,383
Solar equipment	49,603	40,365	49,603	34,314
Computer equipment	55,078	41,250	55,079	35,324
Sewer installations	247,885	120,097	247,886	69,408
	23,579,110	1,125,410	22,996,561	865,988
		<u>\$22,453,700</u>		<u>\$ 22,130,573</u>

Caldwell First Nation
Notes to Consolidated Financial Statements

March 31, 2022

6. Accumulated Surplus

	2022	2021
Operating reserves		
Investment in tangible capital assets - Ontario First Nations Limited Partnership	\$ 3,480,319	\$ 3,743,780
Investment in tangible capital assets - Ministry of Health	39,130	42,092
Investment in tangible capital assets - Canada Mortgage and Housing Corporation	208,124	-
Investment in land - reserve status	8,287,370	8,287,370
Investment in tangible capital assets - general	10,438,757	10,057,330
Internal restricted reserves		
Ontario First Nations Limited Partnership	170,081	286,853
Monitoring	31,545	31,545
Chief and council future projects	1,114,773	2,045,701
Farming	686,151	688,489
Consultation resources	16,391	16,391
Hunting and fishing	24,953	24,953
Unrestricted	9,196,248	9,407,824
	\$33,693,842	\$ 34,632,328

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2022

7. Caldwell Settlement Trust

Caldwell First Nation has an economic interest in the Caldwell Settlement Trust (the "Trust"). The trust was settled under a Deed of Trust by Caldwell First Nation as Settlor by 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 financial position and results of operations for the Trust are as follows:

December 31,	2021	2020
Financial position		
Accounts payable	\$ 40,000	\$ -
Distribution payable	5,220,373	4,744,234
Net assets	<u>92,013,881</u>	<u>88,656,213</u>
 Total assets	 <u>97,274,254</u>	 <u>93,400,447</u>
 Operations		
Total revenue	9,233,962	7,804,746
Total expenses	<u>(655,921)</u>	<u>(618,662)</u>
 Revenue over expenses	 <u>\$ 8,578,041</u>	 <u>\$ 7,186,084</u>

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2022

8. Classification of Expenditure by Object (Type of Expense)

The consolidated statement of operations presents the expenditures by function. The following classifies the same expenditures by object.

	2022	2021
Advertising and promotion	\$ 4,539	\$ 83,317
Amortization of tangible capital assets	266,423	208,178
Clearing, leveling and draining land	2,050	-
Communications and utilities	80,009	115,660
Community, economic and cultural development	432,675	429,555
Computer upgrades and IT support	58,318	73,303
Consultations	2,238	-
Consulting fees	92,854	113,291
Council meetings	137,273	152,100
Crop inputs	148,831	145,403
Custom or contract work	15,556	10,409
Elections, membership meetings	121,192	30,281
Farm insurance and fees	3,668	5,586
Harvest costs	106,988	84,643
Health expenses	56,760	218,432
Honoraria	-	2,800
Insurance	51,079	43,988
Interest and bank charges	4,131	4,882
Membership distributions	4,490,999	4,137,000
Miscellaneous	715	-
Office	84,892	68,137
Policy development	-	1,732
Professional fees	833,320	471,722
Programs and supplies	1,749,119	1,765,424
Property taxes	146,867	157,338
Rental	54,500	48,272
Repairs and maintenance	101,407	179,738
Salaries, benefits and administration	2,035,302	1,583,183
Small tools	33,964	-
Training	44,142	24,024
Travel and vehicle	67,665	62,142
Workshops and events	30,106	152,564
	<hr/> \$11,257,582	<hr/> \$ 10,373,104

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2022

9. Membership Distributions

The First Nation pays out an annual cost of living assistance to each member who applies before the deadline. In fiscal 2022 the First Nation paid out \$3,762,999 which is 34% of expenditures (2021 - \$1,213,000 and 12% respectively).

During the year, in addition to the cost of living assistance, the First Nation also paid out \$nil to its members for the 10th Anniversary of the land claim settlement (2021 - \$1,556,000) and \$728,000 in member distributions for COVID-19 relief (2021 - \$1,368,000). Total membership distributions in the year were \$4,490,999 (2021 - \$4,137,000) which is 41% of expenditures (2021 - 40%).

	2022	2021
10th anniversary	\$ -	\$ 1,556,000
COVID-19 emergency relief	728,000	1,368,000
Cost of living assistance	<u>3,762,999</u>	<u>1,213,000</u>
	<u>\$ 4,490,999</u>	<u>\$ 4,137,000</u>

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2022

10. Segmented Information

Caldwell First Nation is a diversified government institution that provides a wide range of services to its members, including infrastructure maintenance, medical and other health services, administration, capital, enterprises and other services.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Health Care

Caldwell First Nation provides a wide array of health care programs including Aboriginal Healing and Wellness, Mental Health, Aboriginal Diabetes Education, Fetal Alcohol Spectrum Disorder, Healthy Babies, Healthy Children, Family Well Being, Life Promotions and Child and Family Services.

Internally Developed

This department is responsible for internally generated funds such as rent, interest and farm income.

General

The administration department oversees the delivery of other governmental services including Band Support, Economic Development, Employment and Training, Youth Strategy, Post-Secondary and funds from Ontario First Nations Limited Partnership.

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2022

11. 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 as shown below.

	2022		
	Fair Value	Amortized Cost	Total
Cash	\$ -	\$ 20,311,241	\$ 20,311,241
Caldwell infant trusts	1,065,229	-	1,065,229
Accounts receivable	-	471,946	471,946
Investment in related parties	-	1,873,246	1,873,246
Accounts payable and accrued liabilities	-	623,294	623,294
Caldwell infant trusts payable	1,065,229	-	1,065,229
	\$ 2,130,458	\$ 23,279,727	\$ 25,410,185

	2021		
	Fair Value	Amortized Cost	Total
Cash	\$ -	\$ 10,496,858	\$ 10,496,858
Caldwell infant trusts	627,076	-	627,076
Accounts receivable	-	1,028,576	1,028,576
Investment in related parties	-	1,623,446	1,623,446
Accounts payable and accrued liabilities	-	365,673	365,673
Caldwell infant trusts payable	627,076	-	627,076
	\$ 1,254,152	\$ 13,514,553	\$ 14,768,705

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12. Financial Instrument Fair Value Measurement

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1, 2 and 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2022			
	Level 1	Level 2	Level 3	Total
Caldwell infant trusts payable	\$ 1,065,229	\$ -	\$ -	\$ 1,065,229

	2021			
	Level 1	Level 2	Level 3	Total
Caldwell infant trusts payable	\$ 627,076	\$ -	\$ -	\$ 627,076

There were no transfers between Level 1 and Level 2 for the year ended March 31, 2022. There were also no transfers in or out of Level 3.

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13. Financial Instrument Risk Management

The First Nation is exposed to various risks through its financial instruments. The following analysis provides information about the First Nation's risk exposure and concentration. There have been no significant changes in the nature or concentration of the risk exposures from the prior year, unless otherwise noted.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The First Nation is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The First Nation's financial instruments that are exposed to concentrations of credit risk relate primarily to receivables from government sources. The First Nation works to ensure they meet all eligibility criteria in order to qualify to receive the funding.

At year end, the amounts outstanding for the First Nation's accounts receivable are as follows:

As at March 31	2022		
	Accounts receivable	Other accounts receivable	Total
Current	\$ 310,967	\$ -	\$ 310,967
1 to 30 days	2,593	-	2,593
31 to 60 days	6,160	-	6,160
61 to 90 days	27,689	-	27,689
Over 90 days	91,925	32,612	124,537
Total	\$ 439,334	\$ 32,612	\$ 471,946

As at March 31	2021		
	Accounts receivable	Other accounts receivable	Total
Current	\$ 977,913	\$ -	\$ 977,913
1 to 30 days	-	-	-
31 to 60 days	3,316	-	3,316
61 to 90 days	-	-	-
Over 90 days	11,035	36,312	47,347
Total	\$ 992,264	\$ 36,312	\$ 1,028,576

At year end, management has determined that the accounts receivable illustrated in the above

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13. Financial Instrument Risk Management (continued)

table are not past due or impaired. This is based on the First Nation's assessment and past experience regarding collection rates.

Liquidity risk

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the First Nation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The First Nation is exposed to this risk mainly in respect of its accounts payable and infant trusts payable.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	2022				
	Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable	\$ 623,294	\$ -	\$ -	\$ -	\$ 623,294
Infant trusts payable	- -	- -	- -	1,065,229	1,065,229
	<u>\$ 623,294</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,065,229</u>	<u>\$ 1,688,523</u>
	2021				
	Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable	\$ 365,673	\$ -	\$ -	\$ -	\$ 365,673
Infant trusts payable	- -	- -	- -	627,076	627,076
	<u>\$ 365,673</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 627,076</u>	<u>\$ 992,749</u>

The First Nation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The First Nation maintains a portion of its invested assets in liquid securities. The First Nation also maintains certain credit facilities, which can be drawn upon as needed.

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13. Financial Instrument Risk Management (continued)

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The First Nation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the First Nation to a fair value risk while the floating rate instruments subject it to a cash flow risk.

The First Nation is exposed to interest rate risk in relation to interest expense on its revolving credit facility since the credit facility bears interest at a floating interest rate. Currently the First Nation has not drawn on this credit facility and therefore the risk is considered to be limited.

14. COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a pandemic, resulting in economic uncertainties affecting the organization. Management is actively monitoring the affect on its financial condition, liquidity, operations and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity at this time.

15. Contingent Liability

The First Nation has been named as a defendant in several lawsuits arising in the ordinary course of operations. The First Nation has contested these claims. Legal counsel for the First Nation has advised that it is premature to make any evaluation of the possible outcome or possible settlement amount of these claims. Consequently, no provision for these claims has been made in the financial statements.

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16. Comparative Figures

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