

Caldwell First Nation
Consolidated Financial Statements
For the Year Ended March 31, 2023

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Consolidated Financial Statements
For the Year Ended March 31, 2023

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Independent Auditor's Report

To the council of Caldwell First Nation

Qualified 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, 2023, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian Public Sector accounting standards.

Basis for Qualified Opinion

Effective April 1, 2022, the First Nation was required to adopt PS 3280 Asset Retirement Obligations, which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. The Significant Accounting Policies describe the asset retirement obligations policy. As disclosed in Note 9, the First Nation does not have the necessary information yet to determine if an obligation needs to be recognized or disclosed for the retirement of the buildings within the scope of Section 3280. As a result, we have been unable to determine whether any adjustments are required to expenses and annual surplus for the years ended March 31, 2023 and 2022, tangible capital assets and the asset retirement obligation as at March 31, 2023 and 2022, and accumulated surplus as at April 1 and March 31 for both the 2023 and 2022 years.

In addition, we were not appointed as auditors of Northwind Business Development LP, a subsidiary of the Group, at March 31, 2023 and thus did not observe the counting of physical inventories at the end of the year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at March 31, 2023, which are stated in the consolidated statement of financial position. As a result, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories, and the elements making up the consolidated statement of income, consolidated statement of change in net financial assets and consolidated statement of cash flows.



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 qualified 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 31, 2023

Caldwell First Nation Consolidated Statement of Financial Position

March 31 2023 2022

Financial Assets

Cash	\$ 8,351,015	\$ 20,311,241
Caldwell infant trusts (Note 2)	1,204,284	1,065,229
Accounts receivable (Note 15)	1,383,232	471,946
Portfolio investments (Note 2)	5,000,000	-
Investment in related parties (Note 3)	1,883,446	1,873,446
	<u>\$17,821,977</u>	<u>\$ 23,721,862</u>

Liabilities

Accounts payable and accrued liabilities (Note 15)	\$ 799,672	\$ 623,294
Deferred revenue (Note 4)	11,758,136	11,033,504
Caldwell infant trusts payable (Note 2)	1,204,284	1,065,229
	<u>\$13,762,092</u>	<u>\$ 12,722,027</u>

Net Financial Assets 4,059,885 10,999,835

Non-Financial Assets


Inventories (Note 17)	\$ 1,177,222	\$ -
Prepaid expenses	151,976	240,307
Tangible capital assets (Note 5)	30,131,088	22,453,700
	<u>31,460,286</u>	<u>22,694,007</u>

Accumulated Surplus (Note 6) \$35,520,171 \$ 33,693,842


Contingent liability (Note 8)

Asset retirement obligations (Note 9)


Approved by the Chief and Council:



Chief
Mary Francis Duckworth

Council

Councillor Ian Duckworth


Councillor Doug Heil


Councillor Nikki van Oirschot

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

Caldwell First Nation

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	2023 Budget	2023	2022
Annual surplus (deficit)	406,022	1,826,329	(952,481)
Acquisition of tangible capital assets	-	(8,139,455)	(589,551)
Proceeds on disposal of tangible capital assets	-	203,949	-
Amortization of tangible capital assets	-	258,119	266,423
	406,022	(5,851,058)	(1,275,609)
Change in inventory	-	(1,177,223)	-
Change in prepaid expenses and deposits	-	88,331	(87,456)
Change in Net Financial Assets	406,022	(6,939,950)	(1,363,065)
Net Financial Assets, Beginning of Year	-	10,999,835	12,362,900
Net Financial Assets, End of Year	\$ 406,022	\$ 4,059,885	\$ 10,999,835

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	2023 Budget	2023	2022
Revenue			
Indigenous Services Canada	\$ 9,594,457	\$ 1,731,082	\$ 1,054,955
Association of Iroquois and Allied Indians	1,223,870	1,143,012	549,985
Ontario First Nations Limited Partnership	686,319	518,067	362,257
Investment and trust revenue	5,069,333	4,827,930	5,238,137
Rent	96,000	237,943	178,523
Gas Station	6,173,109	-	-
Hunting and fishing	-	-	2,565
Employment and training	-	-	116,415
Crop sales and insurance	535,125	534,447	450,699
Ministry of Children, Community and Social Service	351,924	351,924	397,477
Ministry of Health and Long-Term Care	89,322	89,322	84,322
First Nations and Inuit Health Branch	178,365	178,365	227,444
Program administrative fees	285,000	324,032	248,828
General	3,429,966	317,479	213,723
Canadian Mortgage and Housing Corporation	63,775	157,958	244,872
Indigenous Economic Development Fund	-	-	75,000
Hydro One	20,102	20,102	308,181
Mnaasged Child and Family Services	-	-	2,000
Parks Canada	397,563	209,722	70,662
Environment and Climate Change Canada	65,000	65,000	15,000
Southwestern Ontario Tourism Corporation	-	-	8,400
Field Liason Representative	158,200	320,173	-
Ontario Trillium Foundation	220,731	103,549	225,170
Indigenous Tourism Association of Canada	-	-	33,938
Windsor-Detroit Bridge Authority	1,250,000	21,219	-
First Nations Financial Management Board	325,970	131,390	-
Ministry of Indigenous Affairs	85,000	85,000	189,548
Canada Community Revitalization Fund	750,000	750,000	-
Gain on disposal of equipment	-	-	7,000
	<u>31,049,131</u>	<u>12,117,716</u>	<u>10,305,101</u>
Expenses			
Health Care - Schedule 1	2,185,804	2,071,601	1,434,020
Internally Developed - Schedule 2	12,159,759	6,091,707	7,182,298
General - Schedule 3	16,297,546	2,128,079	2,641,264
	<u>30,643,109</u>	<u>10,291,387</u>	<u>11,257,582</u>
Annual surplus (deficit)	\$ 406,022	\$ 1,826,329	\$ (952,481)

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	2023	2022
Cash flows from operating activities		
Annual deficit	\$ 1,826,329	\$ (952,481)
Items not affecting cash:		
Amortization of tangible capital assets	258,119	266,423
	2,084,448	(686,058)
Changes in non-cash working capital:		
Accounts receivable	(911,286)	556,630
Inventories	(1,177,223)	-
Prepaid expenses	88,331	(87,456)
Accounts payable and accrued liabilities	176,378	257,621
Deferred contributions	724,632	10,613,196
	985,280	10,653,933
Cash flows from investing activities		
Advances to related parties	(10,000)	(250,000)
Purchase of portfolio investments	(5,000,000)	-
	(5,010,000)	(250,000)
Cash flows to capital activities		
Acquisition of tangible capital assets	(8,139,455)	(589,550)
	203,949	
	(7,935,506)	(589,550)
Change in Cash	(11,960,226)	9,814,383
Cash, beginning of the year	20,311,241	10,496,858
Cash, end of the year	\$ 8,351,015	\$ 20,311,241

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

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2023

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> <p>The organization is exempt from income taxes under the Income Tax Act.</p>
Management's Responsibility	<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, 2023

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, 2023

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%
Road	Diminishing balance	8%
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 nine 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, 2023

1. Significant Accounting Policies (continued)

Basis of Consolidation These consolidated financial statements include the accounts of the organization and its wholly-owned subsidiaries:

- Caldwell First Nation Holdings GP Inc.
- CFN Holdings Limited Partnership
- CFN Cannabis GP Inc.
- CFN Cannabis Operating LP
- Three Fires Leamington General Partner Inc.
- Three Fires Leamington LP
- Three Fires DMTEP General Partner Inc.
- Three Fires DMTEP LP
- Three Fires CTBR General Partner Inc.
- Three Fires CTBR LP
- Three Fires SW General Partner Inc.
- Three Fires SW LP
- Three Fires SBLC General Partner Inc.
- Three Fires SBLC LP
- Three Fires Windsor General Partner Inc.
- Three Fires Windsor LP
- Three Fires Essex General Partner Inc.
- Three Fires Essex LP
- Three Fires BW General Partner Inc.
- Three Fires BW LP
- CA-KSP-SI SHY General Partner Inc.
- CA-KSP-SI SHY LP
- Northwind Business Development General Partner Inc.
- Northwind Business Development 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, 2023

1. Significant Accounting Policies (continued)

Asset Retirement
Obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2023

2. Investments

Short term investments include nine 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.
- The eighth and ninth trusts were established in fiscal 2023 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 a guaranteed investment certificate measured at amortized cost as outlined below:

	2023	2022
Peace Hills Trust, Guaranteed Investment Certificate, 2 years, 3.95%, maturing on January 19, 2025	\$ 5,000,000	\$ -

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2023

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.

	2023	2022
Advances to		
The Happy Snapper Inc.	\$ 1,098,275	\$ 1,088,275
Turtle Landing Inc.	785,160	785,160
Shares		
The Happy Snapper Inc.	10	10
Turtle Landing Inc.	1	1
	<u>1,883,446</u>	<u>1,873,446</u>

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 \$90,300 (2022 - \$75,000) and purchased equipment totaling \$Nil (2022 - \$51,964). 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.:

	2023	2022
Assets	\$ 847,108	\$ 873,062
Liabilities	1,124,087	1,136,369
Revenue	91,833	72,726
Net income (loss)	(13,672)	7,083

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

	2023	2022
Assets	785,170	785,170
Liabilities	785,170	785,170
Revenue	-	-
Net income (loss)	-	-

Caldwell First Nation
Notes to Consolidated Financial Statements

March 31, 2023

4. Deferred Revenue

	2023	2022
Association of Iroquois and Allied Indians		
Cannabis Education	\$ -	\$ 122,000
Communication Anti Hate	5,156	
First Nation Child Welfare law Initiative	45,748	178,701
Language Champions	1,094	2,949
Policing Legislation	3,896	-
Residential Schools	34,015	-
Responsible Gambling	-	13,676
Tobacco Phase V	-	41,668
Canada Mortgage and Housing Corporation	9,479,717	9,637,676
Canada Ontario Resource Development Agreement	-	17,500
Centre for Indigenous Environmental Resources	7,560	12,000
Environment and Climate Change Canada	75,000	50,000
Enbridge Youth Initiative	10,000	10,000
Indigenous Languages and Cultures Program	-	23,408
Indigenous Services Canada		
Child and Family Services	163,398	129,511
Early Learning and Child Care	179,240	100,511
Enhanced Housing	-	7,263
Indigenous Community Support Fund - COVID-19	-	62,889
Mental Health Trauma	-	50,103
Youth Employment Strategy	73,495	87,232
Libro Credit Union - Passive Homes	-	4,500
Ministry of Agriculture & Agri-Food	75,000	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	170,855	203,811
Other	185,943	-
Sparks	-	1,500
Transport Canada	19,237	-
Windsor Detroit Bridge Authority	1,228,782	-
	<u>\$11,758,136</u>	<u>\$ 11,033,504</u>

March 31, 2023

5. Tangible Capital Assets

2023

	Land	Land - Reserve Status	Buildings	Buildings under construction	Roads	Hunting and fishing facilities	Gas station	Orchard trees	Equipment	Solar equipment	Computer equipment	Infrastructure	Total
Cost, beginning of year	\$ 10,361,731	\$ 8,287,370	\$ 3,628,020	\$ 208,124	\$ -	\$ 60,257	\$ -	\$ -	\$ 678,442	\$ 49,603	\$ 55,079	\$ 250,486	\$ 23,579,112
Additions	52,143	-	15,919	842,953	59,204	100,000	6,208,057	44,120	57,758	-	9,300	750,000	8,139,454
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Reduction of use	(203,949)	-	-	-	-	-	-	-	-	-	-	-	(203,949)
Cost, end of the year	10,209,925	8,287,370	3,643,939	1,051,077	59,204	160,257	6,208,057	44,120	736,200	49,603	64,379	1,000,486	31,514,616
Accumulated amortization, beginning of the year	-	-	640,389	-	-	25,918	-	-	272,125	40,365	41,250	105,364	1,125,410
Amortization	-	-	93,019	-	2,368	1,373	-	-	80,250	7,817	4,149	69,142	258,118
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	-	-	733,408	-	2,368	27,291	-	-	352,375	48,182	45,399	174,506	1,383,528
Net carrying amount, end of year	\$ 10,209,925	\$ 8,287,370	\$ 2,910,531	\$ 1,051,077	\$ 56,836	\$ 132,966	\$ 6,208,057	\$ 44,120	\$ 383,825	\$ 1,421	\$ 18,980	\$ 825,980	\$ 30,131,088

2022
Total

Cost, beginning of year	\$ 10,361,731	\$ 8,287,370	\$ 3,578,994	\$ -	\$ -	\$ 60,257	\$ -	\$ -	\$ 355,641	\$ 49,603	\$ 55,079	\$ 247,885	\$ 22,996,561
Additions	-	-	56,026	208,124	-	-	-	-	322,800	-	-	2,601	589,551
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(7,000)	-	-	-	-	-	-	-	-	-	(7,000)
Cost, end of the year	10,361,731	8,287,370	3,628,020	208,124	-	60,257	-	-	678,442	49,603	55,079	250,486	23,579,111
Accumulated amortization, beginning of the year	-	-	524,072	-	-	24,487	-	-	178,383	34,314	35,324	69,408	865,987
Amortization	-	-	123,317	-	-	1,431	-	-	93,742	6,051	5,926	35,956	266,423
Disposals	-	-	(7,000)	-	-	-	-	-	-	-	-	-	(7,000)
Accumulated amortization, end of year	-	-	640,389	-	-	25,918	-	-	272,125	40,365	41,250	105,364	1,125,410
Net carrying amount, end of year	\$ 10,361,731	\$ 8,287,370	\$ 2,987,631	\$ 208,124	\$ -	\$ 34,339	\$ -	\$ -	\$ 406,317	\$ 9,238	\$ 13,829	\$ 145,122	\$ 22,453,701

Caldwell First Nation
Notes to Consolidated Financial Statements

March 31, 2023

6. Accumulated Surplus

	2023	2022
Operating reserves		
Investment in tangible capital assets - Ontario First Nations Limited Partnership	\$ 3,225,070	\$ 3,480,319
Investment in tangible capital assets - Ministry of Health	36,260	39,130
Investment in tangible capital assets - Canada Mortgage and Housing Corporation	913,788	208,124
Investment in land - reserve status	8,287,370	8,287,370
Investment in tangible capital assets - general	11,588,304	10,438,757
Investment in tangible capital assets - gas station	6,080,296	-
Investment in related parties	1,883,446	1,873,446
Internal restricted reserves		
Ontario First Nations Limited Partnership	66,047	170,081
Field liaison representative	205,023	31,545
Chief and council future projects	1,139,080	1,114,773
Farming	770,756	686,151
Consultation resources	16,391	16,391
Hunting and fishing	24,953	24,953
Unrestricted	1,283,387	7,322,802
	<u>\$35,520,171</u>	<u>\$ 33,693,842</u>

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2023

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,	2022	2021
Financial position		
Accounts payable	\$ 94,154	\$ 40,000
Distribution payable	4,644,116	5,220,373
Net assets	<u>94,630,674</u>	<u>92,013,881</u>
Total assets	<u>99,368,944</u>	<u>97,274,254</u>
Operations		
Total revenue	7,882,702	9,233,962
Total expenses	<u>(621,793)</u>	<u>(655,921)</u>
Revenue over expenses	<u>\$ 7,260,909</u>	<u>\$ 8,578,041</u>

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2023

8. Contingent Liability

A claim has been made against the First Nation for unpaid solicitor's accounts in the amount of \$190,000. The First Nation disputes these claims and both parties are engaged in negotiations to settle the matter.

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.

9. Change in Accounting Policy - Asset Retirement Obligations

Effective April 1, 2022, the First Nation adopted new Public Sector Accounting Handbook Standard, PS Section 3280, Asset Retirement Obligations. The Standard requires an obligation to be recognized related to legal obligations associated with the retirement of tangible capital assets. This change in accounting policy has been applied retroactively with restatement of prior periods, using the modified retroactive application method. Under this method, the asset retirement obligation on transition is recorded using assumptions as of April 1, 2022. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus.

The First Nation has not recognized an asset retirement obligation for legal obligations associated with the retirement of its buildings, primarily expected to be the removal of asbestos. Although there is potentially asbestos in the buildings, the asset retirement obligation has not been recorded because a reasonable estimate of the amount of the liability cannot be made at this time, as the appropriate experts have not yet been engaged.

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2023

10. 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.

	2023	2022
Advertising and promotion	\$ 3,609	\$ 4,539
Amortization of tangible capital assets	258,119	266,423
Clearing, leveling and draining land	-	2,050
Communications and utilities	143,765	80,009
Community, economic and cultural development	475,250	432,675
Computer upgrades and IT support	49,849	58,318
Consultations	1,263	2,238
Consulting fees	270,766	92,854
Council meetings	165,052	137,273
Crop inputs	118,249	148,831
Custom or contract work	7,057	15,556
Elections, membership meetings	85,955	121,192
Farm insurance and fees	3,704	3,668
Harvest costs	99,081	106,988
Health expenses	52,734	56,760
Honoraria	1,967	-
Insurance	70,091	51,079
Interest and bank charges	5,121	4,131
Memberships and Licences	8,000	-
Membership distributions	2,613,960	4,490,999
Miscellaneous	-	715
Office	117,099	84,892
Policy development	8,563	-
Professional fees	642,739	833,320
Programs and supplies	1,931,224	1,749,119
Property taxes	138,946	146,867
Rental	64,872	54,500
Repairs and maintenance	122,204	101,407
Salaries, benefits and administration	2,585,009	2,035,302
Small tools	2,929	33,964
Training	21,504	44,142
Travel and vehicle	185,297	67,665
Workshops and events	37,409	30,106
	<u>\$10,291,387</u>	<u>\$ 11,257,582</u>

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2023

11. Membership Distributions

The First Nation pays out an annual cost of living assistance to each member who applies before the deadline. In fiscal 2023 the First Nation paid out \$2,613,960 which is 26% of expenditures (2022 - \$3,762,999 and 34% respectively).

During the year, in addition to the cost of living assistance, the First Nation also paid \$nil in member distributions for COVID-19 relief (2022 - \$728,000). Total membership distributions in the year were \$2,613,960 (2022 - \$4,490,999) which is 26% of expenditures (2022 - 41%).

	2023	2022
COVID-19 emergency relief	\$ -	\$ 728,000
Cost of living assistance	2,613,960	3,762,999
	<u>\$ 2,613,960</u>	<u>\$ 4,490,999</u>

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2023

12. 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, 2023

13. 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.

	2023		
	Fair Value	Amortized Cost	Total
Cash	\$ -	\$ 8,351,015	\$ 8,351,015
Caldwell infant trusts	1,204,284	-	1,204,284
Guaranteed investment certificate	-	5,000,000	5,000,000
Accounts receivable	-	1,383,232	1,383,232
Investment in related parties	-	1,883,446	1,883,446
Accounts payable and accrued liabilities	-	799,672	799,672
Caldwell infant trusts payable	1,204,284	-	1,204,284
	<u>\$ 2,408,568</u>	<u>\$17,417,365</u>	<u>\$19,825,933</u>
	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
	<u>\$ 2,130,458</u>	<u>\$ 23,279,727</u>	<u>\$ 25,410,185</u>

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2023

14. 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).

2023				
	Level 1	Level 2	Level 3	Total
Caldwell infant trusts payable	\$ 1,204,284	\$ -	\$ -	\$ 1,204,284

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

There were no transfers between Level 1 and Level 2 for the year ended March 31, 2023. There were also no transfers in or out of Level 3.

Caldwell First Nation

Notes to Consolidated Financial Statements

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15. 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	2023		
	Accounts receivable	Other accounts receivable	Total
Current	\$ 313,899	\$ -	\$ 313,899
1 to 30 days	895,557	-	895,557
31 to 60 days	16,914	-	16,914
61 to 90 days	2,277	-	2,277
Over 90 days	104,449	50,186	154,635
Total	\$ 1,333,096	\$ 50,186	\$ 1,383,282

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

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

Caldwell First Nation Notes to Consolidated Financial Statements

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15. 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:

2023					
	Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable	\$ 592,943	\$ -	\$ -	\$ -	\$ 592,943
Infant trusts payable	-	-	-	1,204,284	1,204,284
	<u>\$ 592,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,204,284</u>	<u>\$ 1,797,227</u>
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>

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.

Caldwell First Nation Notes to Consolidated Financial Statements

March 31, 2023

15. 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.

16. Comparative Figures

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

17. Inventory

	2023	2022
Tobacco	\$ 827,392	\$ -
Fuel	321,301	-
Store	28,529	-
	<u>\$ 1,177,222</u>	<u>\$ -</u>

Inventories of \$Nil (2022 - \$Nil) are recognized as an expense and included in cost of sales.
