

**Chippewas of Kettle and Stony Point
First Nation
Consolidated Financial Statements
For the year ended March 31, 2022**

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Consolidated Financial Statements
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Independent Auditor's Report

To the Council of Chippewas of Kettle and Stony Point First Nation

Opinion

We have audited the consolidated financial statements of Chippewas of Kettle and Stony Point First Nation (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2022, the consolidated statements of operations and accumulated surplus, 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2022, and its consolidated results of operations and its consolidated 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 First Nation 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.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2021 has been restated. Our opinion is not modified in respect of this matter.

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 First Nation'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 First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation'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 First Nation'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 First Nation'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 First Nation 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 First Nation 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
October 24, 2023

**Chippewas of Kettle and Stony Point First Nation
Consolidated Statement of Financial Position**

March 31	2022	2021
		Restated (see Note 2)

Financial assets

Cash and cash equivalents (Note 3)	\$ 25,227,283	\$ 25,469,988
Accounts receivable (Note 4)	1,946,708	499,390
Loans receivable (Note 5)	502,699	544,801
Funds on deposit with Indigenous Services Canada	5,803	5,803
Due from governments (Note 6)	3,328,508	5,130,400
Portfolio investments (Note 7)	122,377,167	113,869,159
Due from related parties (Note 8)	5,580,364	5,080,364
Investment in government business enterprises (Note 9)	<u>2,117,836</u>	<u>2,233,662</u>
	<u><u>161,086,368</u></u>	<u><u>152,833,567</u></u>

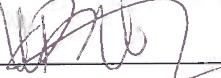
Liabilities

Accounts payable and accrued liabilities	3,715,120	3,527,608
Deferred revenue (Note 10)	18,946,781	11,769,417
Demand loan (Note 3)	60,000	-
Long-term debt (Note 11)	1,444,056	1,588,144
	<u>24,165,957</u>	<u>16,885,169</u>
Net financial assets	<u>136,920,411</u>	<u>135,948,398</u>

Non-financial assets

Tangible capital assets (Note 12)	25,393,839	25,446,469
Prepaid expenses and inventory of supplies	104,919	104,919
	<u>25,498,758</u>	<u>25,551,388</u>
Accumulated surplus (Note 2 and 13)	<u>\$ 162,419,167</u>	<u>\$ 161,499,783</u>

On behalf of Chief and Council:

 Chief

 Councillor

Chippewas of Kettle and Stony Point First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	Budget (Note 19)	2022	2021
		Restated (see Note 2)	
Revenues			
Federal government transfers (Note 10)	\$ 10,473,399	\$ 13,252,753	\$ 16,335,532
Provincial government transfers (Note 10)	2,520,150	3,278,698	2,748,670
Ontario First Nations Limited Partnership (Note 10)	-	787,087	1,303,357
Southern First Nations Secretariat (Note 10)	448,475	522,910	270,429
Stepping Stones Support Services (Note 10)	1,676,296	1,780,833	1,981,673
Union of Ontario Indians (Note 10)	1,019,377	798,543	416,196
Rent and dues	902,939	2,056,606	1,968,122
Settlement proceeds (Note 14)	-	-	17,214,909
Other	414,532	1,499,810	1,464,617
Investment income	359,000	8,992,290	6,304,558
	17,814,168	32,969,530	50,008,063
Expenses			
Band government - Schedule 1	1,923,551	3,980,300	3,191,168
Community services - Schedule 2	296,064	302,265	221,147
Child family services - Schedule 3	815,517	1,043,652	794,974
Economic development - Schedule 4	853,376	1,632,483	1,780,779
Education - Schedule 5	5,876,760	5,812,469	6,133,332
Health - Schedule 6	3,792,659	3,979,642	2,972,721
Housing - Schedule 7	499,892	309,417	2,061,206
Land claims - Schedule 8	1,317,204	10,983,700	4,298,653
Land programs - Schedule 9	225,657	199,078	141,393
Minor capital - Schedule 10	-	172,382	373,778
Public works - Schedule 11	1,202,678	1,667,010	1,768,858
Social services - Schedule 12	1,788,876	1,851,922	2,735,251
	18,592,234	31,934,320	26,473,260
Excess of revenue over expenses from operations before income from investment in government business enterprises	(778,066)	1,035,210	23,534,803
Income from investment in government business enterprises (Note 9)	-	(115,826)	168,715
Annual surplus for the year	(778,066)	919,384	23,703,518
Accumulated surplus, beginning of year	161,499,783	161,499,783	137,796,265
Accumulated surplus, end of year	\$ 160,721,717	\$ 162,419,167	\$ 161,499,783

**Chippewas of Kettle and Stony Point First Nation
Consolidated Statement of Change in Net Financial Assets**

For the year ended March 31	2022 Budget	2022	2021
			Restated (see Note 2)
Annual surplus	\$ (778,066)	\$ 919,384	\$ 23,703,518
Acquisition of tangible capital assets	-	(2,214,923)	(4,776,569)
Amortization of tangible capital assets	-	2,267,552	1,351,104
	(778,066)	972,013	20,278,053
Acquisition of prepaid expenses	-	-	(80,309)
Net change in net financial assets	(778,066)	972,013	20,197,744
Net financial assets, beginning of year	135,948,398	135,948,398	115,750,654
Net financial assets, end of year	\$ 135,170,332	\$ 136,920,411	\$ 135,948,398

Chippewas of Kettle and Stony Point First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2022	2021
Operating transactions		
Annual surplus	\$ 919,384	\$ 23,703,518
Adjustment for items not affecting cash		
Amortization of tangible capital assets	2,267,552	1,351,104
Income from investment in government business enterprises	<u>115,826</u>	<u>(168,715)</u>
	<u>3,302,762</u>	<u>24,885,907</u>
Changes in non-cash working capital items		
Accounts receivable	(1,447,318)	(28,872)
Loans receivable	42,102	134,252
Due from governments	1,801,892	(3,440,458)
Prepaid expenses and inventory of supplies	-	(80,308)
Accounts payable and accrued liabilities	187,512	1,015,536
Deferred revenue	<u>7,177,364</u>	<u>7,165,878</u>
	<u>11,064,314</u>	<u>29,651,935</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(2,214,923)</u>	<u>(4,776,569)</u>
Investing transactions		
Increase in portfolio investments	(8,508,008)	(4,808,283)
Increase in due from related parties	<u>(500,000)</u>	<u>114,345</u>
	<u>(9,008,008)</u>	<u>(4,693,938)</u>
Financing transactions		
Proceeds from long-term debt	60,000	-
Repayment of long-term debt	<u>(144,088)</u>	<u>(328,672)</u>
	<u>(84,088)</u>	<u>(328,672)</u>
Net change in cash and cash equivalents	(242,705)	19,852,756
Cash and cash equivalents, beginning of year	<u>25,469,988</u>	5,617,232
Cash and cash equivalents, end of year	<u>\$ 25,227,283</u>	<u>\$ 25,469,988</u>

Chippewas of Kettle and Stony Point First Nation Notes to Financial Statements

March 31, 2022

1. Significant accounting policies

a. Nature of Business

Chippewas of Kettle and Stony Point First Nation's ("the First Nation") elected government consists of a Chief and nine members of Council. The organization manages and administers all political, social and economic programs of this First Nation.

b. Management's Responsibility

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.

c. Basis of Presentation

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for local government entities.

d. Principles of Consolidation

The controlled entities are fully consolidated on a line-by-line basis and inter-organizational balances and transactions are eliminated upon consolidation.

Commercial enterprises that meet the definition of a government business enterprise are included in the consolidated financial statements on a modified equity basis. Under the modified equity method of accounting, only Chippewas of Kettle and Stony Point First Nation's investment in the government business enterprise and 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 Chippewas of Kettle and Stony Point First Nation and inter-organizational balances and transactions are not eliminated.

Organizations consolidated in Chippewas of Kettle and Stony Point First Nation's financial statements include:

- Points Eagle Radio Inc.
- Chippewas of Kettle and Stony Point Settlement Trust (2016)
- Chippewas of Kettle and Stony Point Clench Minors Trust (2021)

Organizations accounted for on a modified equity basis include:

- Indian Hills of Ipperwash Limited
- Southwind Corporate Development Inc.

e. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

Chippewas of Kettle and Stony Point First Nation Notes to Financial Statements

March 31, 2022

1. Significant accounting policies (continued)

f. Loans Receivable

Funding received for the purpose of building and renovating houses is recorded as revenue of a specific program. The commitment of the funds to a particular First Nation member for the purchase of approved housing is recorded as an expenditure of the program and as a commitment to that First Nation member. Commitments outstanding at the end of the year are reported as liabilities.

Agreements exist between the Council and the members regarding the terms of repayment of various expenses. The portion of the expenses determined to be repayable are recorded as loans receivable from the members on the Consolidated Statement of Financial Position.

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. When the loss is known with sufficient precision and there is no realistic prospect of recovery, the loan receivable is reduced by the amount of the loss. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

g. Portfolio Investments

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

h. Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, construction, development, or betterment of the tangible capital assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition, construction or development of the asset.

Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Infrastructure	25 to 40 years
Buildings	30 to 50 years
Building Contents	3 to 8 years
Vehicles	10 years

Tangible capital assets under construction, development or that have been removed from service are not amortized until they are available to be put into service.

Chippewas of Kettle and Stony Point First Nation Notes to Financial Statements

March 31, 2022

1. Significant accounting policies (continued)

i. Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

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.

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.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service provided.

Settlement proceeds is recognized as revenue in the period in which the settlement occurred that gave rise to the revenues and the amount to be received can be reasonably estimated and collection is reasonably assured.

j. Loan Guarantees

Loan guarantees are initially recognized at the amount of the estimate of the future cash outflow to be paid by the First Nation on the defaulted loans. At each year end, an assessment is made of whether the loan guarantees require recognition in the financial statements.

k. Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. At March 31, 2022, the First Nation has not identified any instances that meet the criteria for a liability for contaminated sites.

l. Management 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.

Chippewas of Kettle and Stony Point First Nation Notes to Financial Statements

March 31, 2022

2. Prior period adjustment

During the period, the First Nation identified a cash account that had not been reflected correctly in the historical results of the consolidated financial statements. As such, a correction was made to the financial statements to reflect the transactions. The resulting impact of the adjustment was as follows:

	As previously reported	Prior period adjustment	As restated
Cash	25,003,136	466,852	25,469,988
Accumulated surplus, March 31, 2020	137,329,413	466,852	137,796,265
Accumulated surplus, March 31, 2021	161,032,931	466,852	161,499,783
Net financial assets, beginning of year	115,283,802	466,852	115,750,654
Net financial assets, end of year	135,481,546	466,852	135,948,398

Chippewas of Kettle and Stony Point First Nation Notes to Financial Statements

March 31, 2022

3. Cash and cash equivalents

Cash is held at one financial institution and earns interest at tiered rates. Under the terms of an agreement with Canada Mortgage and Housing Corporation, Chippewas of Kettle and Stony Point First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the CMHC Reserve Fund. The following table presents the amount of cash and cash equivalents that are externally restricted, internally restricted and unrestricted:

	2022	2021
Externally Restricted		
CMHC capital improvements	<u>\$ 309,499</u>	<u>\$ 309,499</u>
Internally Restricted		
Capital planning	8,068	8,068
Economic development	263,047	263,047
Camp Ipperwash	194,235	194,235
Clench settlement	12,872,510	15,092,290
Housing as a business	468,938	466,852
	<u>13,806,798</u>	<u>16,024,492</u>
Unrestricted		
Operating	11,245,085	9,173,523
Social services	(134,099)	(37,526)
	<u>11,110,986</u>	<u>9,135,997</u>
	<u>\$ 25,227,283</u>	<u>\$ 25,469,988</u>

The First Nation has an authorized demand line of credit of \$3,000,000 with Royal Bank of Canada at prime + 0% per annum secured by a general security agreement on all property and a general hypothecation of stocks and bonds held at RBC PN&H Investment Council. At March 31, 2022 the First Nation has drawn \$60,000 (2021 - \$NIL) on this facility.

At the year end, the First Nation held \$74,530, (2021- \$74,530) in trust for band members from a settlement with the Government of Canada.

Chippewas of Kettle and Stony Point First Nation Notes to Financial Statements

March 31, 2022

4. Accounts receivable

	2022	2021
Due from members		
Rent	\$ 429,441	\$ 527,251
Other	<u>55,741</u>	<u>55,741</u>
	485,182	582,992
Due from others		
Other	2,566,785	793,611
	3,051,967	1,376,603
Less: allowance for doubtful accounts	(1,105,259)	(877,213)
	<u>\$ 1,946,708</u>	<u>\$ 499,390</u>

5. Loans receivable

	2022	2021
Members of First Nation	\$ 3,722,084	\$ 3,804,869
Less: allowance for doubtful accounts	<u>(3,219,385)</u>	<u>(3,260,068)</u>
	<u>\$ 502,699</u>	<u>\$ 544,801</u>

6. Due from governments

	2022	2021
Federal Government		
Indigenous Services Canada	\$ 2,225,370	\$ 5,816,665
Health Canada	964,739	302,277
Provincial Government	<u>891,339</u>	<u>501,984</u>
	4,081,448	6,620,926
Less: allowance for doubtful accounts	(752,940)	(1,490,526)
	<u>\$ 3,328,508</u>	<u>\$ 5,130,400</u>

Chippewas of Kettle and Stony Point First Nation Notes to Financial Statements

March 31, 2022

7. Portfolio investments

Investments and marketable securities are comprised of \$122,377,167 invested with RBC PH&N Investment Council Inc. (2021 - \$113,869,159). The fair market value is approximately \$137,971,307 (2021 - \$130,350,269). The investments with PH&N Investment Council Inc. are held in Federal, Provincial and domestic bonds and Canadian, United States and International equity instruments. The Federal, Provincial and domestic bonds have interest rates between 1.91% and 4.25% and maturity dates between April 2022 and September 2029. Included in the investment balance are amounts held in cash totaling \$22,046,460 (2021 - \$308,688).

Included in investments and marketable securities are funds held by the Stony Point FSA Trust Fund of \$96,850,826 (2021 - \$90,489,049) with a fair value of \$109,315,385 (2021 - \$103,465,399). The Trust funds are not for use in general operations and are restricted for use as outlined in the Chippewas of Kettle and Stony Point Trust Fund Agreement upon approval by the First Nation as represented by its duly elected Council.

During the year, the First Nation 2021 Minors Clench Trust Fund was created. Included in investments and marketable securities are funds held by the First Nation 2021 Minors Clench Trust Fund of \$2,639,197 with a fair value of \$2,467,042.

8. Due from related parties

Southwind Corporate Development Inc. is a government business enterprise of Chippewas of Kettle and Stony Point First Nation. Points Preference Supermarket Inc, Kettle and Stony Point Gas & Convenience Inc, 9236058 Canada Inc, and Three Fires Group Inc. are wholly owned subsidiaries of Southwind Corporate Development. At the end of the year, the amounts due from related parties are as follows:

	2022	2021
Due from Southwind Corporate Development Inc.	\$ 1,611,096	\$ 1,111,096
Due from Indian Hills of Ipperwash Limited	3,412,387	3,412,387
Due from Points Preference Supermarket Inc.	29,881	29,881
Loan due from Kettle and Stony Point Gas & Convenience Inc.	<u>527,000</u>	<u>527,000</u>
	<hr/> \$ 5,580,364	<hr/> \$ 5,080,364

The due from balances are interest-free and payable on demand with the exception of the loan due from Kettle & Stony Point Gas & Convenience Inc. is interest-free, payable in full in 2025.

Southwind Corporate Development Inc. distributed earnings of \$500,000 (2021 - \$Nil) to the First Nation. The First Nation distributed \$11,066 (2021 - \$440,551) of capital expenditure funds for operations (CAPEX).

These transactions are in the normal course of business and are measured at the exchange amount which approximates the arm's length equivalent for provision of services.

Chippewas of Kettle and Stony Point First Nation Notes to Financial Statements

March 31, 2022

9. Government business enterprises

The following summarizes the financial position and operations of the government business enterprises which have been reported in these financial statements using the modified equity method:

Southwind Corporate Development Inc.

Southwind Corporate Development Inc. is a corporation incorporated under the laws of the Government of Canada. It was established for corporate management and development. The Chippewas of Kettle and Stony Point First Nation own 100% of the outstanding shares of Southwind Corporate Development Inc.

Indian Hills of Ipperwash Limited

Indian Hills of Ipperwash Limited is a corporation incorporated under the laws of the Government of Canada. It was established to operate a golf course. The Chippewas of Kettle and Stony Point First Nation own 100% of the outstanding shares of Indian Hills of Ipperwash Limited.

The investment in government business enterprises is made up 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
Investment in government business enterprises		
Southwind Corporate Development Inc.	\$ 1,512,194	\$ 1,949,140
Indian Hills of Ipperwash Limited	<u>605,642</u>	<u>284,522</u>
	<u>\$ 2,117,836</u>	<u>\$ 2,233,662</u>

The original investment in Indian Hills of Ipperwash Limited of \$1,973,789 has been reduced by losses of \$1,458,672 since 2007, resulting in an investment of \$605,642 (2021 - \$284,522).

	Southwind Corporate Development Inc.	Indian Hills of Ipperwash Limited
Assets	<u>\$ 4,424,321</u>	<u>\$ 4,112,251</u>
Liabilities	<u>2,912,427</u>	<u>3,506,609</u>
Share Capital and Contributed Surplus	<u>100</u>	<u>1,498,471</u>
Surplus (deficit)	<u>1,511,794</u>	<u>(892,829)</u>
	<u>\$ 4,424,321</u>	<u>\$ 4,112,251</u>
Revenues	<u>\$ 16,736,141</u>	<u>\$ 1,263,689</u>
Expenditures	<u>16,673,087</u>	<u>942,569</u>
Net income for the year	<u>\$ 63,054</u>	<u>\$ 321,120</u>

Chippewas of Kettle and Stony Point First Nation Notes to Financial Statements

March 31, 2022

10. Deferred revenue and government transfers

	Balance March 31, 2021	Funding Received 2022	Revenue Recognized 2022	Balance March 31, 2022
Federal Government				
Indigenous Services Canada	\$ 9,282,654	\$ 13,081,204	\$ 9,723,986	\$ 12,639,872
Health Canada	1,384,620	4,761,948	3,353,427	2,793,141
Canada Mortgage and Housing Corporation	-	1,438,149	175,340	1,262,809
	10,667,274	19,281,301	13,252,753	16,695,822
Provincial Government				
Ministry of Education	104,180	782,343	782,343	104,180
Ministry of Indigenous Affairs	299,210	288,320	288,320	299,210
Ministry of Health	222,431	1,793,418	1,610,614	405,235
Ministry of Labour, Immigration, Training and Skills Development	-	228,527	216,853	11,674
Ministry of Children, Community, and Social Services	-	292,859	292,368	491
Other	-	285,360	88,200	197,160
	625,821	3,670,827	3,278,698	1,017,950
Other				
Southern First Nations Secretariat	281,272	740,705	522,910	499,067
Stepping Stones Support Services	-	1,990,292	1,780,833	209,459
Union of Ontario Indians	194,051	769,614	798,543	165,122
Ontario First Nations Limited Partnership	-	787,087	787,087	-
Other	-	485,453	126,092	359,361
Rent and dues	999	2,086,675	2,087,674	-
	476,322	6,859,826	6,103,139	1,233,009
	<u>\$11,769,417</u>	<u>\$29,811,954</u>	<u>\$22,634,590</u>	<u>\$18,946,781</u>

Chippewas of Kettle and Stony Point First Nation Notes to Financial Statements

March 31, 2022

11. Long-term debt	2022	2021
1.31% mortgage, Canadian Mortgage and Housing Corporation, payable \$4,779 monthly including principal and interest, repaid October 1, 2021	-	33,406
2.04% mortgage, Canadian Mortgage and Housing Corporation, payable \$3,157 monthly including principal and interest, maturing August 1, 2024	200,289	233,725
3.85% infrastructure loan, Royal Bank of Canada, on the payable principal and interest, maturing December 1, 2024	941,802	967,385
1.84% mortgage, Canadian Mortgage and Housing \$4,390 monthly including principal and interest, maturing September 1, 2022	26,436	78,099
Promissory note payable, ISC, interest free, total due date on which the 1928 Surrender at Stony Point claim is settled	275,529	275,529
	<hr/> \$ 1,444,056	<hr/> \$ 1,588,144

The above debt is secured by a ministerial guarantee by the Indigenous Services Canada ("ISC").

Principal payments required on long-term debt for the next three years are due as follows:

Year	Amount
2023	\$ 366,434
2024	190,030
2025	<hr/> 887,592
	<hr/> \$ 1,444,056

Interest expense for the year on long-term debt was \$42,304 (2021 - \$38,488).

Subsequent to year end the First Nation received a loan of \$672,620 from the Canadian Mortgage and Housing Corporation for four Habitat for Humanity homes. The loan issued on November 1, 2022 with an interest rate of 3.98% and a maturity date of November 1, 2037.

**Chippewas of Kettle and Stony Point First Nation
Notes to Consolidated Financial Statements**

March 31, 2022

12. Tangible Capital Assets

	Land	Infrastructure	Buildings	Building Contents	Vehicles	Construction in Progress	2022 Total
Cost, beginning of year	\$ 250,000	\$ 13,398,081	\$ 28,066,313	\$ 5,067,829	\$ 3,270,384	\$ 651,209	\$ 50,703,816
Additions	-	225,908	398,417	495,872	162,546	932,182	2,214,925
Transfers	-	-	-	394,039	-	(394,039)	-
Cost, end of the year	250,000	13,623,989	28,464,730	5,957,740	3,432,930	1,189,352	52,918,741
Accumulated amortization, beginning of the year	-	5,602,322	12,821,970	4,035,677	2,797,378	-	25,257,347
Amortization	-	432,339	878,419	613,504	343,293	-	2,267,555
Accumulated amortization, end of year	-	6,034,661	13,700,389	4,649,181	3,140,671	-	27,524,902
Net carrying amount, end of year	\$ 250,000	\$ 7,589,328	\$ 14,764,341	\$ 1,308,559	\$ 292,259	\$ 1,189,352	\$ 25,393,839
							2021 Total
Cost, beginning of year	\$ 250,000	\$ 7,976,155	\$ 23,454,225	\$ 4,740,069	\$ 3,167,290	\$ 6,339,508	\$ 45,927,247
Additions	-	164,436	3,787,240	327,760	103,094	394,039	4,776,569
Transfers	-	5,257,490	824,848	-	-	(6,082,338)	-
Cost, end of the year	250,000	13,398,081	2,022	5,067,829	3,270,384	651,209	50,703,816
Accumulated amortization, beginning of the year	-	5,421,762	12,254,277	3,605,022	2,625,183	-	23,906,244
Amortization	-	180,560	567,693	430,655	172,195	-	1,351,103
Accumulated amortization, end of year	-	5,602,322	12,821,970	4,035,677	2,797,378	-	25,257,347
Net carrying amount, end of year	\$ 250,000	\$ 7,795,759	\$ (12,819,948)	\$ 1,032,152	\$ 473,006	\$ 651,209	\$ 25,446,469

There was \$1,189,352 of buildings under construction that were not completed as of March 31, 2022 and therefore are not depreciated in the year.

Chippewas of Kettle and Stony Point First Nation Notes to Financial Statements

March 31, 2022

13. Accumulated surplus

The First Nation segregates its accumulated surplus into the following categories:

	2022	2021
Camp Ipperwash fund	\$ 171,809	\$ 171,809
Capital fund	25,193,550	25,101,239
Clench settlement fund	6,275,665	15,014,065
CMHC replacement reserve	146,554	136,915
Funeral fund	46,134	155,748
Investment fund	22,966,075	22,994,038
Operations fund	10,299,616	7,003,461
Housing as a business fund	468,938	466,852
Stony Point FSA trust fund	<u>96,850,826</u>	<u>90,455,656</u>
	<u>\$162,419,167</u>	<u>\$161,499,783</u>

14. Settlement proceeds

During the prior year, the First Nation settled the Clench defalcation specific claim for \$17,214,909.

Chippewas of Kettle and Stony Point First Nation Notes to Financial Statements

March 31, 2022

15. Classification of expenses by object (type of expense)

	2022	2021
Advertising and promotion	\$ 548,707	\$ 464,204
Amortization	2,267,552	1,351,103
Bad debt expense (recovery)	(420,744)	1,252,283
Client distributions	8,735,420	2,042,000
Distribution to minors	161,054	208,880
Employee benefits	1,713,796	1,813,256
Expenditures to subsidiaries	468,638	841,953
First Nations student success	-	849,731
Insurance	303,289	253,629
Interest and bank charges	38,943	7,264
Interest on long-term debt	30,365	66,955
Memberships and licences	665,142	708,862
Office expenses	454,531	170,084
Ontario Works client distributions	1,415,774	1,734,109
Other operating expenses	289,301	475,259
Professional fees	3,503,166	2,704,276
Rental	448,762	357,492
Repairs and maintenance	906,742	981,504
Salaries and wages	8,689,893	8,240,568
Sub-contracts	514,273	611,403
Supplies	547,901	652,730
Travel expenses	140,085	107,115
Utilities	511,730	578,600
 Total expenses by object	 <u>\$31,934,320</u>	 <u>\$ 26,473,260</u>

Chippewas of Kettle and Stony Point First Nation Notes to Financial Statements

March 31, 2022

16. Contingencies

The First Nation is a defendant in various legal actions arising in the normal course of operations. The ultimate outcomes are currently indeterminable as litigation is still in progress. In addition, the First Nation received a claim for damages in the amount of \$10,000,000. The First Nation has evaluated payment as unlikely at this time. The results of any claims and related costs will be recognized in the year in which the outcome has been decided.

Subsequent to year-end the First Nation has received a claim for damages in the amount of \$3,650,000. The First Nation has evaluated payment as unlikely at this time.

The First Nation has also guaranteed \$619,856 (2021 - \$955,544) of housing loans for band members with the Bank of Montreal and \$1,664,970 (2021 - \$1,742,492) with the Royal Bank of Canada. The First Nation has provided a full financial guarantee for each loan, with the land as collateral.

Subsequent to year-end the First Nation provided a guarantee for a \$650,000 loan received by Southwind Corporate Developments Inc. related to Points Preference Supermarket renovation. The balance was initially being paid by blended monthly payments of \$3,323 with interest of 3.7% until August 22, 2023. The loan was then renewed with blended monthly payments of \$4,737, interest of 7.45% and is currently due August 22, 2024.

The First Nation government entities are not collecting or remitting Provincial or Federal taxes. Consequently, no provisions have been included in the financial statements related to such.

17. Pension agreement

The First Nation makes contributions to Manulife for a pension plan on behalf of 187 members of its staff (130 in 2021). The plan is a defined contribution plan.

The amount contributed to the pension plan in 2022 was \$345,660 (2021 - \$353,544) for current service and is included as an expenditure in the Statement of Operations.

18. Land settlement

Currently the First Nation is involved in negotiating the 1928 Surrender at Stony Point specific land claim. When the claim is settled, the amount will be reflected in the year of settlement.

Chippewas of Kettle and Stony Point First Nation Notes to Financial Statements

March 31, 2022

19. Budget

The budget adopted by the First Nation was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while the Public Sector Accounting Standards now require a full accrual basis. The budget figures did not include amortization expenses or long-term debt interest payments.

20. Segmented information

The Chippewas of Kettle and Stony Point First Nation is a diversified First Nation government that provides a wide range of services to its members including public works, health, administration and education. For management reporting purposes, the First Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities in accordance with special regulations, restrictions or limitations.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies. For additional information, see the Consolidated Summary of Schedules.

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

Band Government

The administration department is responsible for the processing of payroll, payments for goods and services, invoicing of fees and rentals, coordinating the First Nation's audit, administering the employee benefits program, providing financial data to other programs for reporting purposes, coordinating the budget process including minor capital and being a resource to the Financial Management Board.

Community Services

Chippewas of Kettle and Stony Point First Nation provides a wide array of other services to the community. This includes community events such as the Pow Wow and Community Days.

Child Family Services

The child family services is responsible for providing services to member services to member families. This includes prevention and protection services to support the safety and well-being of First Nations children and families.

Chippewas of Kettle and Stony Point First Nation Notes to Financial Statements

March 31, 2022

20. Segmented information (continued)

Economic Development

This department is responsible for all economic development to develop future programs and funding, with a focus on increasing economic well-being and quality of life for the community and its members.

Education

The education department is responsible for the provision and administration of the education of students attending schools based on the first nation as well students attending secondary school.

Health

The Health department is responsible for the delivery of services promoting healthy lifestyles, skill building and self-care targeting community members of all ages and phases of life. Programming takes into account the non-medical determinants of health like poverty, mental and social well-being, quality of life, income, employment, education and other factors known to influence the way people care for themselves and their families.

Housing

This department is responsible for all housing including rental units, CMHC housing, and any Residential Repair Assistance Programs (RRAP).

Land Claims

This department is responsible for all land claim costs, including legal fees and member distributions for settled claims.

Land Programs

The Lands department manages land holdings, surveys, mapping, legal lot descriptions, document preparation, registering interests and lease payments.

Minor Capital

This department is responsible for more extension capital projects and development of future projects and programs.

Chippewas of Kettle and Stony Point First Nation Notes to Financial Statements

March 31, 2022

20. Segmented information (continued)

Public works

The Public Works department is responsible for the delivery of First Nation public works services related to road maintenance, water treatment and infrastructure, waste management services and infrastructure, cemetery maintenance, ditching, culverts and other infrastructure needs and functions.

Social Services

Social services is a program designed to meet and address the needs of clients, and deliver both the financial and employment assistance component of Ontario Works.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segments.

21. Comparative figures

Certain information contained in the consolidated financial statements have been reclassified to conform with the current method of presentation.
