

Chippewas of Kettle and Stony Point
First Nation
Consolidated Financial Statements
For the year ended March 31, 2024

Chippewas of Kettle and Stony Point First Nation
Consolidated Financial Statements
For the year ended March 31, 2024

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Tel: 519-432-5534
Fax: 519-432-6544
www.bdo.ca

BDO Canada LLP
633 Colborne St., Suite 230
London ON N6B 2V3

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, 2024, 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, 2024, 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.

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

July 30, 2024

Chippewas of Kettle and Stony Point First Nation

Consolidated Statement of Financial Position

March 31

2024

2023
(Note 2)

Financial assets

Cash and cash equivalents (Note 3)	\$ 33,795,711	\$ 26,332,295
Accounts receivable (Note 4)	3,634,512	3,020,810
Loans receivable (Note 5)	413,557	476,456
Funds on deposit with Indigenous Services Canada	5,803	5,803
Due from governments (Note 6)	3,661,597	4,143,473
Portfolio investments (Note 7)	133,067,960	127,399,273
Due from related parties (Note 8)	4,630,442	5,016,595
Investment in government business enterprises (Note 9)	2,196,261	2,233,252
	<u>181,405,843</u>	<u>168,627,957</u>

Liabilities

Accounts payable and accrued liabilities	2,677,460	2,768,021
Deferred revenue (Note 10)	29,117,727	23,542,981
Asset retirement obligation (Note 11)	808,471	779,164
Demand loan (Note 3)	15,000	95,000
Long-term debt (Note 12)	1,034,087	2,017,920
	<u>33,652,745</u>	<u>29,203,086</u>

Net financial assets

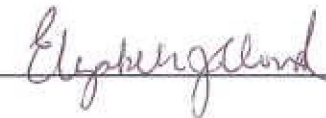
	<u>147,753,098</u>	<u>139,424,871</u>
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Non-financial assets

Tangible capital assets (Note 13)	26,400,005	27,476,567
Prepaid expenses and inventory of supplies	140,651	211,951
	<u>26,540,656</u>	<u>27,688,518</u>
Accumulated surplus (Note 14)	\$174,293,753	\$167,113,389

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 15)	2024	2023 (Note 2)
Revenues			
Federal government transfers (Note 10)	\$ 11,255,692	\$ 16,331,296	\$ 17,285,719
Provincial government transfers (Note 10)	2,525,301	3,265,863	2,723,013
Ontario First Nations Limited Partnership (Note 10)	-	1,581,639	1,115,142
Southern First Nations Secretariat (Note 10)	456,669	439,171	549,445
Stepping Stones Support Services (Note 10)	2,126,416	1,964,096	2,047,002
Union of Ontario Indians (Note 10)	757,741	676,679	549,927
Rent and dues	883,003	1,943,940	2,318,351
Other	1,025,767	2,353,854	945,622
Investment income	724,050	8,682,680	6,147,768
	<u>19,754,639</u>	<u>37,239,218</u>	<u>33,681,989</u>
Expenses			
Band government - Schedule 1	2,055,730	4,734,023	4,571,185
Community services - Schedule 2	319,221	376,516	362,973
Child family services - Schedule 3	1,604,216	1,194,173	1,044,958
Economic development - Schedule 4	822,674	1,648,603	1,821,462
Education - Schedule 5	5,738,943	6,082,627	6,230,252
Health - Schedule 6	4,038,781	5,087,980	5,244,604
Housing - Schedule 7	499,891	1,091,307	483,979
Land claims - Schedule 8	1,819,456	5,512,846	4,483,476
Land programs - Schedule 9	326,783	246,345	234,443
Minor capital - Schedule 10	-	263,230	209,127
Public works - Schedule 11	1,674,297	1,641,254	1,491,949
Social services - Schedule 12	2,238,997	2,142,959	2,208,225
	<u>21,138,989</u>	<u>30,021,863</u>	<u>28,386,633</u>
Excess of revenue over expenses from operations before net earnings from government business enterprises	(1,384,350)	7,217,355	5,295,356
Income from investment in government business enterprises (Note 9)	-	(36,991)	208,043
Annual surplus (deficit) for the year	(1,384,350)	7,180,364	5,503,399
Accumulated surplus, beginning of year as previously stated	167,113,389	167,113,389	162,419,167
Impact from change in account policy (Note 2)		-	(809,177)
Accumulated surplus, beginning of year, restated		<u>167,113,389</u>	<u>161,609,990</u>
Accumulated surplus, end of year	\$ 165,729,039	\$ 174,293,753	\$ 167,113,389

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

For the year ended March 31	Budget (Note 15)	2024	2023 (Note 2)
Annual surplus (deficit)	\$ (1,384,350)	\$ 7,180,364	\$ 5,503,399
Acquisition of tangible capital assets	-	(1,549,141)	(4,521,488)
Amortization of tangible capital assets	-	2,625,704	2,473,127
	<u>(1,384,350)</u>	<u>8,256,927</u>	<u>3,455,038</u>
Acquisition of prepaid expenses and inventory of supplies	-	71,300	(107,032)
Impact from change in accounting policy (Note 2)	-	-	(843,546)
Net change in net financial assets	<u>(1,384,350)</u>	<u>8,328,227</u>	<u>2,504,460</u>
Net financial assets, beginning of year	<u>139,424,871</u>	<u>139,424,871</u>	<u>136,920,411</u>
Net financial assets, end of year	<u>\$ 138,040,521</u>	<u>\$ 147,753,098</u>	<u>\$ 139,424,871</u>

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

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

For the year ended March 31	2024	2023
		(Note 2)
Operating transactions		
Annual surplus	\$ 7,180,364	\$ 5,503,399
Adjustment for items not affecting cash		
Amortization of tangible capital assets	2,625,704	2,473,127
Share of income from investment in government business enterprises	36,991	(208,043)
	<u>9,843,059</u>	<u>7,768,483</u>
Changes in non-cash working capital items		
Accounts receivable	(613,702)	(1,074,102)
Loans receivable	62,899	26,243
Due from governments	481,876	(814,965)
Prepaid expenses and inventory of supplies	71,300	(107,032)
Accounts payable and accrued liabilities	(90,561)	(949,386)
Asset retirement obligation	29,307	28,245
Deferred revenue	5,574,746	4,598,487
	<u>15,358,924</u>	<u>9,475,973</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(1,549,141)</u>	<u>(4,521,488)</u>
Investing transactions		
Increase in portfolio investments	(5,668,687)	(5,022,106)
Change in due from related parties	386,153	563,769
	<u>(5,282,534)</u>	<u>(4,458,337)</u>
Financing transactions		
Proceeds from long-term debt	-	707,620
Repayment of long-term debt	(1,063,833)	(98,756)
	<u>(1,063,833)</u>	<u>608,864</u>
Net change in cash and cash equivalents	7,463,416	1,105,012
Cash and cash equivalents, beginning of year	<u>26,332,295</u>	<u>25,227,283</u>
Cash and cash equivalents, end of year	<u>\$ 33,795,711</u>	<u>\$ 26,332,295</u>

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

March 31, 2024

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, 2024

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, 2024

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. At March 31, 2024, the First Nation has not identified any instances that meet the criteria for a liability for contaminated sites.

Chippewas of Kettle and Stony Point First Nation

Notes to Financial Statements

March 31, 2024

1. Significant accounting policies (continued)

l. 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.

m. 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, 2024

2. Change in Accounting Policy - Asset Retirement Obligation

Effective April 1, 2023, the First Nation adopted the new Public Sector Accounting Handbook Standard, PS 3280 Asset Retirement Obligations. The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets by public sector entities. The standard was adopted on the modified retroactive basis at the date of adoption. Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. The impact of adoption of this standard was as follows:

	As previously reported	Policy adjustment	As restated
Tangible capital assets - cost	52,918,741	148,099	53,066,840
Tangible capital assets - accumulated amortization	29,995,327	116,435	30,111,762
Asset retirement obligation	-	779,164	779,164
Investment in government business enterprises	2,337,340	(104,088)	2,233,252
Accumulated surplus	167,964,974	(758,958)	167,206,016
Annual surplus	5,545,807	(42,408)	5,503,399
Amortization of tangible capital assets	2,267,555	2,702	2,270,257
Accretion expense	-	28,245	28,245
Income from investment in government business enterprises	6,147,768	(11,461)	6,136,307

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

March 31, 2024

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:

	2024	2023
Externally Restricted		
CMHC capital improvements	\$ 309,499	\$ 309,499
Internally Restricted		
Capital planning	\$ -	\$ 8,068
Economic development	-	263,047
Camp Ipperwash	194,235	194,235
Clench settlement	15,589,495	12,890,977
Housing as a business	507,092	482,209
	<u>16,290,822</u>	<u>13,838,536</u>
Unrestricted		
Operating	\$ 17,489,706	\$ 12,239,349
Social services	(294,316)	(55,089)
	<u>\$ 17,195,390</u>	<u>\$ 12,184,260</u>
	<u>\$ 33,795,711</u>	<u>\$ 26,332,295</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, 2024 the First Nation has drawn \$15,000 (2023 - \$95,000) on this facility.

At the year end, the First Nation held \$74,530, (2023- \$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, 2024

4. Accounts receivable

	2024	2023
Due from members		
Rent	\$ 514,585	\$ 474,845
Other	55,741	55,741
	<u>570,326</u>	<u>530,586</u>
Due from others		
Other	4,292,081	3,742,897
	<u>4,862,407</u>	<u>4,273,483</u>
Less: allowance for doubtful accounts	(1,227,895)	(1,252,673)
	<u>\$ 3,634,512</u>	<u>\$ 3,020,810</u>

5. Loans receivable

	2024	2023
Members of First Nation	\$ 3,726,015	\$ 3,788,914
Less: allowance for doubtful accounts	<u>(3,312,458)</u>	<u>(3,312,458)</u>
	<u>\$ 413,557</u>	<u>\$ 476,456</u>

6. Due from governments

	2024	2023
Federal Government		
Indigenous Services Canada	\$ 2,904,306	\$ 3,062,681
Health Canada	422,929	640,326
Provincial Government	794,421	718,987
	<u>4,121,656</u>	<u>4,421,994</u>
Less: allowance for doubtful accounts	<u>(460,059)</u>	<u>(278,521)</u>
	<u>\$ 3,661,597</u>	<u>\$ 4,143,473</u>

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

March 31, 2024

7. Portfolio investments

Investments and marketable securities are comprised of \$133,067,960 invested with RBC PH&N Investment Council Inc. (2023 - \$127,399,273). The fair market value is approximately \$149,058,143 (2023 - \$130,350,269). The investments with PH&N Investment Counsel 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 1.13% and 3.84% and maturity dates between September 2023 and April 2026. Included in the investment balance are amounts held in cash totaling \$2,319,535 (2023 - \$2,138,751).

Included in investments and marketable securities are funds held by the Stony Point FSA Trust Fund of \$104,234,726 (2023 - \$100,392,621) with a fair value of \$ 115,408,222 (2023 - \$107,328,515). 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.

Included in investments and marketable securities are funds held by the First Nation 2021 Minors Trust Fund of \$2,348,540 (2023 - \$2,474,365) with a fair value of \$2,130,921 (2023 - \$2,210,780).

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

March 31, 2024

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. and 9236058 Canada Inc. are wholly owned subsidiaries of Southwind Corporate Development. At the end of the year, the amounts due from related parties are as follows:

	2024	2023
Due from Southwind Corporate Development Inc.	\$ 574,271	\$ 1,041,429
Due from Indian Hills of Ipperwash Limited	3,421,859	3,412,387
Due from Points Preference Supermarket Inc.	57,941	29,881
Loan due from Kettle and Stony Point Gas & Convenience Inc.	564,538	526,755
Due from 9236058 Canada Inc.	5,690	-
	<u>\$ 4,630,442</u>	<u>\$ 5,016,595</u>

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.

The First Nation distributed \$71,300 (2023 - \$168,666) 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.

Subsequent to year-end on April 17, 2024, repayment terms were approved for Kettle & Stony Point Gas & Convenience Inc. and Points Preference Supermarket Inc. Terms of the repayment for Kettle & Stony Point Gas & Convenience Inc. are as follows, 12 equal installments of \$3,149 to be processed on the last business day of each month commencing April 2024. Additionally two equal payments for the building loan of \$263,500 processed September 2024 and March 2025. Terms of the repayment for Points Preference Supermarket Inc. are as follows, 12 equal installments of \$3,414 to be processed on the last business day of each month commencing April 2024.

Chippewas of Kettle and Stony Point First Nation

Notes to Financial Statements

March 31, 2024

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. See note 2 for impact of investment in government business enterprises upon adoption of PS 3280.

	2024	2023
Investment in government business enterprises		
Southwind Corporate Development Inc.	\$ 1,191,635	\$ 1,427,980
Indian Hills of Ipperwash Limited	1,004,626	805,272
	<u>\$ 2,196,261</u>	<u>\$ 2,233,252</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 \$1,004,626 (2023 - \$805,272).

	Southwind Corporate Development Inc.	Indian Hills of Ipperwash Limited
Assets	\$ 5,130,209	\$ 5,207,484
Liabilities	3,938,574	4,202,858
Share Capital and Contributed Surplus	100	1,498,471
Surplus (deficit)	1,191,535	(493,845)
	<u>\$ 5,130,209</u>	<u>\$ 5,207,484</u>
Revenues	\$ 21,248,884	\$ 1,441,449
Expenditures	21,514,836	1,242,095
Net income for the year	<u>\$ (265,952)</u>	<u>\$ 199,354</u>

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

March 31, 2024

10. Deferred revenue and government transfers

	Balance March 31, 2023	Funding Received 2024	Revenue Recognized 2024	Balance March 31, 2024
Federal Government				
Indigenous Services Canada	\$ 16,126,409	\$16,976,319	\$15,357,363	\$17,745,365
Health Canada	3,874,913	2,201,418	846,939	5,229,392
Canada Mortgage and Housing Corporation	75,905	173,223	126,994	122,134
	20,077,227	19,350,960	16,331,296	23,096,891
Provincial Government	124,918	755,079	755,079	124,918
Ministry of Education				
Ministry of Indigenous Affairs	357,899	85,000	8,500	434,399
Ministry of Health	1,445,953	2,393,505	1,978,610	1,860,848
Ministry of Labour, Immigration, Training and Skills Development	44,346	232,190	231,885	44,651
Ministry of Children, Community, and Social Services	491	303,793	291,789	12,495
Other	197,160	-	-	197,160
	2,170,767	3,769,567	3,265,863	2,674,471
Other				
Southern First Nations Secretariat	509,517	559,895	439,171	630,241
Stepping Stones Support Services	317,300	2,084,521	1,964,096	437,725
Union of Ontario Indians	360,507	911,835	676,679	595,663
Ontario First Nations Limited Partnership	-	1,581,639	1,581,639	-
Other	107,663	3,928,927	2,353,854	1,682,736
Rent and dues	-	-	-	-
	1,294,987	9,066,817	7,015,439	3,346,365
	\$23,542,981	\$32,187,344	\$26,612,598	\$29,117,727

Chippewas of Kettle and Stony Point First Nation

Notes to Financial Statements

March 31, 2024

11. Asset Retirement Obligation

The First Nation's asset retirement obligation consists of asbestos obligations. The First Nation owns buildings that are known to contain asbestos. Following the adoption of PS 3280 - Asset Retirement Obligations, the First Nation recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at April 1, 2023. The buildings all have an estimated useful life of between 30 and 50 years from the date of completion of construction, of which various numbers of years remain. Estimated costs of \$412,996 have been discounted to the present value using a discount rate of 3.76% per annum (2022 - 3.76%).

Change in the asset retirement obligation for asbestos removal in the year are as follows:

	2024	2023
Opening balance - adjustment on adoption of PS3280	\$ 779,164	\$ 750,919
Accretion expense	29,307	28,245
Closing balance	<u>\$ 808,471</u>	<u>\$ 779,164</u>

The asset retirement liability has been estimated using a net present value technique using the assumptions as described above. The related asset retirement costs are being amortized on a straight-line basis over the remaining useful lives of the assets.

Significant estimates and assumptions are made in determining the asset retirement costs as there are numerous factors that will affect the amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded. At each reporting date, as more information and experience is obtained as it relates to these asset retirement obligations, the estimates of the timing, the undiscounted cash flows and the discount rates may change. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

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

March 31, 2024

12. Long-term debt	2024	2023
2.04% mortgage, Canadian Mortgage and Housing Corporation, payable \$3,157 monthly including principal and interest, maturing October 1, 2024	131,020	165,772
3.98% mortgage, Canadian Mortgage and Housing Corporation, payable \$4,958 monthly including principal and interest, maturing November 1, 2027	627,538	661,466
3.85% infrastructure loan, Royal Bank of Canada, on the payable principal and interest, assumed by Southwind Corporate Developments Inc.	-	915,153
Promissory note payable, ISC, interest free, total due date on which the 1928 Surrender at Stony Point claim is settled	275,529	275,529
	<u>\$ 1,034,087</u>	<u>\$ 2,017,920</u>

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 four years and thereafter are due as follows:

Year	Amount
2025	\$ 375,082
2026	99,553
2027	99,553
2028	459,899
	<u>\$ 1,034,087</u>

Interest expense for the year on long-term debt was \$65,686 (2023 - \$48,373).
On November 20, 2023 Southwind Corporate Development Inc. assumed the infrastructure loan.

Chippewas of Kettle and Stony Point First Nation

Notes to Consolidated Financial Statements

March 31, 2024

13. Tangible Capital Assets

	Land	Infrastructure	Buildings	Building Contents	Vehicles	Construction in Progress	2024 Total
Cost, beginning of year	\$ 250,000	\$ 13,713,434	\$ 30,861,901	\$ 6,316,607	\$ 4,629,994	\$ 1,816,393	\$ 57,588,329
Additions	-	712,200	16,749	554,291	265,902	-	1,549,142
Transfers	-	-	627,041	-	-	(627,041)	-
Cost, end of the year	250,000	14,425,634	31,505,691	6,870,898	4,895,896	1,189,352	59,137,471
Accumulated amortization, beginning of the year	-	6,474,471	14,715,273	5,318,348	3,603,670	-	30,111,762
Amortization	-	462,066	931,490	742,558	489,590	-	2,625,704
Accumulated amortization, end of year	-	6,936,537	15,646,763	6,060,906	4,093,260	-	32,737,466
Net carrying amount, end of year	\$ 250,000	\$ 7,489,097	\$ 15,858,928	\$ 809,992	\$ 802,636	\$ 1,189,352	\$ 26,400,005
2023 (Note 2) Total							
Cost, beginning of year	\$ 250,000	\$ 13,623,989	\$ 28,612,829	\$ 5,957,740	\$ 3,432,930	\$ 1,189,352	\$ 53,066,840
Additions	-	89,445	2,249,072	358,867	1,197,064	627,041	4,521,489
Cost, end of the year	250,000	13,713,434	30,861,901	6,316,607	4,629,994	1,816,393	57,588,329
Accumulated amortization, beginning of the year	-	6,034,661	13,816,824	4,649,181	3,140,671	-	27,641,337
Amortization	-	439,810	898,449	669,167	462,999	-	2,470,425
Accumulated amortization, end of year	-	6,474,471	14,715,273	5,318,348	3,603,670	-	30,111,762
Net carrying amount, end of year	\$ 250,000	\$ 7,238,963	\$ 16,146,628	\$ 998,259	\$ 1,026,324	\$ 1,816,393	\$ 27,476,567

Chippewas of Kettle and Stony Point First Nation

Notes to Financial Statements

March 31, 2024

14. Accumulated surplus

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

	2024	2023
Camp Ipperwash fund	\$ 171,809	\$ 171,809
Capital fund	25,641,447	26,611,269
Clench settlement fund	3,050,813	4,610,236
CMHC replacement reserve	28,665	156,785
Funeral fund	-	38,904
Investment fund	26,795,325	24,657,218
Operations fund	13,263,084	9,992,338
Housing as a Business fund	507,092	482,209
Hydro one community fund	600,792	-
Stony Point FSA trust fund	104,234,726	100,392,621
	<u>\$174,293,753</u>	<u>\$167,113,389</u>

15. 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.

Chippewas of Kettle and Stony Point First Nation

Notes to Financial Statements

March 31, 2024

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

	2024	2023
Advertising and promotion	\$ 985,722	\$ 793,613
Amortization	2,625,704	2,473,127
Accretion expense	29,307	28,245
Bad debt expense (recovery)	253,061	(318,887)
Client distributions	1,559,423	1,655,429
Distribution to minors	1,796,741	569,339
Employee benefits	1,771,188	1,685,811
Expenditures to subsidiaries	510,475	495,510
Insurance	356,119	378,082
Interest and bank charges	25,285	23,130
Interest on long-term debt	61,242	48,344
Tuition	650,113	1,039,609
Office expenses	450,926	404,673
Ontario Works client distributions	1,615,608	1,692,656
Other operating expenses	210,750	249,899
Professional fees	3,446,255	3,731,741
Rental	315,844	550,312
Repairs and maintenance	1,425,176	1,133,322
Salaries and wages	9,354,984	9,104,220
Sub-contracts	937,970	845,801
Supplies	768,630	919,655
Travel expenses	362,098	278,004
Utilities	509,242	604,998
Total expenses by object	<u>\$30,021,863</u>	<u>\$ 28,386,633</u>

Chippewas of Kettle and Stony Point First Nation

Notes to Financial Statements

March 31, 2024

17. 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.

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 \$474,119 (2023 - \$563,252) of housing loans for band members with the Bank of Montreal and \$1,448,418 (2023 - \$1,587,206) with the Royal Bank of Canada. The First Nation has provided a full financial guarantee for each loan, with the land as collateral.

The First Nation provided a guarantee for a \$650,000 loan received by Southwind Corporate Developments Inc. related to the Points Preference Supermarket renovation. As of March 31, 2024, the balance outstanding on the loan was \$628,198. The balance is being paid by blended monthly payments of \$4,737 with interest of 7.45% and due August 22, 2024.

The First Nation provided a guarantee for a \$750,000 loan received by Indian Hills of Ipperwash Limited. As of March 31, 2024, the balance outstanding on the loan was \$736,320. The balance is being paid by blended monthly payments of \$8,396 with interest of 6.19% and due December 18, 2028.

On November 20, 2023, Southwind Corporate Developments Inc. assumed a mortgage of \$898,678 from the First Nation. The First Nation has provided a guarantee for the loan. As of March 31, 2024, the balance outstanding on the loan was \$887,778. The balance being paid is blended monthly payments of \$5,198 with interest of 3.85% and due October 31, 2025.

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.

18. Pension agreement

The First Nation makes contributions to Manulife for a pension plan on behalf of 209 members of its staff (209 in 2023). The plan is a defined contribution plan.

The amount contributed to the pension plan in 2024 was \$354,839 (2023 - \$353,222) for current service and is included as an expenditure in the Statement of Operations.

19. 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, 2024

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, 2024

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, 2024

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.