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**PRIVATE AND CONFIDENTIAL**  
**Indigenous Services Canada**  
100 Anemki Place, Suite 101  
Fort William First Nation, ON P7J 1A5

July 25, 2022

Dear Sir or Madam:

**Chapleau Cree First Nation**

At the request of our client, Chapleau Cree First Nation, we are submitting the following items regarding the March 31, 2022 year-end, which comply with terms of the FNFTA, and can be made available on your internet site:

- Audited Financial Statements
- Schedule of Remuneration and Expenses – Chief & Council

The following additional required reporting documents will not be published and are for your internal purposes only:

- Schedule of Remuneration and Expenses – Unelected Senior Officials
- Revenues and Expenses – Indigenous Services Canada

We trust this is satisfactory. Should you have any questions or require any additional information, please do not hesitate to contact our office.

Yours very truly

Kyle Ellis, CPA, CA, CBV  
Partner

*Enclosures:*

Consolidated Financial Statements of

**CHAPLEAU CREE FIRST NATION**

And Independent Auditors' Report thereon

Year ended March 31, 2022

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Chapleau Cree First Nation are the responsibility of management and have been approved by the Chief Council of the First Nation.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Council maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Council's assets are appropriately accounted for and adequately safeguarded.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council reviewed the Chapleau Cree First Nation's consolidated financial statements and recommends their approval. The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditors' report. The Council takes this information into consideration when approving the financial statements for issuance to the Members. The Council also considers the engagement of the external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. KPMG LLP has full access to the Council.

Approved on behalf of council:



Chief



Band Administrator



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## INDEPENDENT AUDITORS' REPORT

To the Members of Chapleau Cree First Nation

### ***Qualified Opinion***

We have audited the consolidated financial statements of Chapleau Cree First Nation (the "First Nation"), which comprise:

- the consolidated statement of financial position as at March 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of remeasurement gains for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, except for the extent of the effect of the matters described in the "***Basis for Qualified Opinion***" paragraph, 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, its consolidated remeasurement gains, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board.

### ***Basis for Qualified Opinion***

The First Nation has not been provided with information for its investments in First Nation business partnerships accounted for by the modified equity method for their year ended March 31, 2022. As a result, we were not able to determine whether any adjustments might be necessary to:

- The investment in First Nation business partnerships reported on the consolidated statements of financial position as at March 31, 2022.



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- The share of earnings from First Nation business partnerships reported on the consolidated statement of operations and accumulated surplus for years ended March 31, 2022.
- The accumulated operating surplus, at the end of the year, reported in the consolidated statement of operations and accumulated operating surplus for the years ended March 31, 2022.
- The net financial assets, at the end of the year, reported in the consolidated statement of changes in net financial assets for the years ended March 31, 2022.
- The excess of revenue over expenses reported in the consolidated statement of cash flows for the years ended March 31, 2022 .

Our opinion on the financial statements for the year ended March 31, 2022 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the **“Auditors’ Responsibilities for the Audit of the Financial Statements”** section of our auditors’ report.

We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

***Responsibility of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.



### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 risk of material misstatement of the 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, internal 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 purposes 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 the 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

July 14, 2022

# CHAPLEAU CREE FIRST NATION

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Year ended March 31, 2022

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## Financial Statements

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# CHAPLEAU CREE FIRST NATION

## Exhibit A - Consolidated Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
<b>Financial assets</b>		
Cash and term deposits	\$ 12,998,350	\$ 9,112,142
Restricted cash (note 2)	98,896	75,134
Accounts receivable	1,045,406	702,002
Portfolio investments (note 4)	2,055,896	1,744,311
Consolidated revenue fund	38	38
Investment in First Nations business partnerships (note 5)	4,501,476	1,722,861
Investment in First Nations business enterprises (note 6)	1	1
	<u>20,700,063</u>	<u>13,356,489</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (note 14)	5,518,747	3,859,610
Deferred revenue (note 8)	2,183,030	1,396,499
Long-term debt (note 9)	<u>727,520</u>	<u>845,128</u>
	<u>8,429,297</u>	<u>6,101,237</u>
Net financial assets	12,270,766	7,255,252
<b>Non-financial assets</b>		
Prepaid expenses	13,906	13,632
Inventory	176,563	136,115
Tangible capital assets (note 3)	<u>14,637,831</u>	<u>11,293,206</u>
	<u>14,828,300</u>	<u>11,442,953</u>
Contingent liabilities (note 10)		
Accumulated surplus (note 12)	\$ 27,099,066	\$ 18,698,205
Accumulated surplus is comprised of:		
Accumulated operating surplus	26,700,611	18,555,667
Accumulated remeasurement gains	<u>398,455</u>	<u>142,538</u>
	<u>\$ 27,099,066</u>	<u>\$ 18,698,205</u>

See accompanying notes to financial statements.

Approved on behalf of Council

 Chief

 Band Administrator

# CHAPLEAU CREE FIRST NATION

## Exhibit B - Consolidated Statement of Operations and Accumulated Operating Surplus

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Indigenous Services Canada (note 11)	\$ 4,274,830	\$ 3,853,083
Ontario First Nations Limited Partnership	381,461	618,796
Canada Mortgage and Housing Corporation	2,425,432	91,625
Ministry of Health	162,293	175,819
Gas Bar sales	3,422,527	2,699,321
Goldcorp	2,349,321	2,709,114
Other	3,632,103	2,608,756
Realized gain/(loss) on portfolio investments	(67,500)	1,500
	<u>16,580,467</u>	<u>12,758,014</u>
Expenses:		
Band Administration	253,784	697,343
Economic Development	1,099,445	524,007
Education	839,742	813,567
Employment and Training	91,499	94,811
Culture and Recreation	261,865	186,730
Community Infrastructure	840,805	720,772
Business Enterprises	9,047	1,105
Medical Services	2,337,497	1,716,493
Social Housing	482,560	202,445
Chapleau Cree Garage	343,102	314,935
Land Claims	82,826	8,483
Chapleau Cree Gas Bar	3,502,923	2,641,581
Commercial Rentals	97,495	99,958
Per Capita Distributions	2,000,681	2,071,248
	<u>12,243,271</u>	<u>10,093,478</u>
Excess of revenue over expenses before undernoted items	4,337,196	2,664,536
Other income (note 5):		
Share of earnings from First Nation business partnerships	3,807,748	702,818
Excess of revenue over expenses	8,144,944	3,367,354
Accumulated operating surplus, beginning of year	18,555,667	15,188,313
Accumulated operating surplus, end of year	<u>\$ 26,700,611</u>	<u>\$ 18,555,667</u>

See accompanying notes to financial statements.

# CHAPLEAU CREE FIRST NATION

## Exhibit C - Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Excess of revenue over expenses	\$ 8,144,944	\$ 3,367,354
Acquisition of tangible capital assets	(3,971,898)	(2,359,519)
Amortization of tangible capital assets	627,273	528,227
Realized loss/(gain) on investments	67,500	(1,500)
Unrealized gain on investments	188,417	218,640
	5,056,236	1,753,202
Use (acquisition) of prepaid expenses	(274)	18,369
Acquisition of inventory	(40,448)	(26,444)
Change in net financial assets	5,015,514	1,745,127
Net financial assets, beginning of year	7,255,252	5,510,125
Net financial assets, end of year	\$ 12,270,766	\$ 7,255,252

See accompanying notes to financial statements.

# CHAPLEAU CREE FIRST NATION

## Exhibit D - Consolidated Statement of Remeasurement Gains

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Accumulated remeasurement gains (losses), beginning of year	\$ 142,538	\$ (74,602)
Unrealized gains attributable to:		
Fixed income	223	224
Mutual funds	32,043	73,328
Public company shares	156,151	145,088
	<u>188,417</u>	<u>218,640</u>
Realized loss (gains) attributable to:		
Fixed income	-	(1,500)
Public company shares	67,500	-
	<u>67,500</u>	<u>(1,500)</u>
Net remeasurement gains for the year	255,917	217,140
Accumulated remeasurement gains, end of year	\$ 398,455	\$ 142,538

See accompanying notes to financial statements.

# CHAPLEAU CREE FIRST NATION

## Exhibit E - Consolidated Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Operating transactions:		
Excess of revenue over expenses	\$ 8,144,944	\$ 3,367,354
Adjustments for:		
Share of earnings from First Nation business partnerships	(3,807,748)	(702,818)
Amortization of tangible capital assets	627,273	528,227
Realized loss/(gain) on portfolio investments	67,500	(1,500)
	5,031,969	3,191,263
Change in non-cash working capital:		
Decrease in accounts receivable	(343,404)	(151,226)
Increase in accounts payable and accrued liabilities	1,659,137	2,775,440
Increase (decrease) in deferred revenue	786,531	(344,119)
Increase in inventory	(40,448)	(26,444)
Decrease (increase) in prepaid expenses	(274)	18,369
	7,093,511	5,463,283
Capital transactions:		
Acquisition of tangible capital assets	(3,971,898)	(2,359,519)
Financing transactions:		
Principal payments on long-term debt	(117,608)	(45,098)
Investing transactions:		
Dividends received from First Nation business enterprises	1,029,133	250,000
Purchase of portfolio investments	(205,668)	(809,613)
Proceeds on sale of portfolio investments	82,500	99,500
Consolidated revenue fund	-	(1)
	905,965	(460,114)
Net increase in cash position	3,909,970	2,598,552
Cash, beginning of year	9,187,276	6,588,724
Cash, end of year	\$ 13,097,246	\$ 9,187,276
Cash position consists of:		
Cash and term deposits	\$ 12,998,350	\$ 9,112,142
Restricted cash - replacement reserve	98,896	75,134
	\$ 13,097,246	\$ 9,187,276

See accompanying notes to financial statements.

# CHAPLEAU CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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The Chapleau Cree First Nation (the “First Nation”), located in Chapleau, Ontario administers programs and provides services to First Nation members.

## 1. Significant accounting policies:

These consolidated financial statements of Chapleau Cree First Nation are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these financial statements:

### (a) Reporting entity:

#### i) Consolidated entities:

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the First Nation and are owned and controlled by the First Nation.

All interdepartmental and inter-organizational assets, liabilities, revenues and expenses have been eliminated.

#### ii) Investment in First Nation Business Partnerships:

Investments in First Nation Business Partnerships are accounted for using the modified equity method. First Nation Business Partnerships included the following organizations:

- Wahkohtowin Development LP and GP (together “WDLP”)
- Nipy-WOF HydroKap LP (“WPF”)
- Three Nations Development LP and 254357 Ontario Inc (together “TND”)
- Mushkegowuk Regional Economic Development LP (“MREDLP”)
- Northeast Superior First Nations Investment LP and GP (together “NSFNI”)
- Opeewin LP and 2680985 Ontario Ltd (together “2680985 LP”)

Under the modified equity method, the First Nation Business Partnership’s accounting principles are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated.

#### iii) Investment in First Nation Business Enterprises:

Investments in First Nation Business Enterprises are accounted for using the modified equity method. First Nation Business Enterprises include 2507503 Ontario Inc

Under the modified equity method, the First Nation Business Enterprise’s accounting principles are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated.

# CHAPLEAU CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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## 1. Significant accounting policies (continued):

### (b) Basis of accounting:

The First Nation follows the accrual method of accounting for revenues and expenses.

Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

### (c) Financial instruments:

All financial instruments are initially recorded on the consolidated statement of financial position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized, when they are transferred to the consolidated statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the consolidated statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the consolidated statement of operations.

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

Level 1	Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly
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

# CHAPLEAU CREE FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2022

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### 1. Significant accounting policies (continued):

#### (d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

#### (i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Buildings	25
Roads infrastructure	20 - 50
Machinery and equipment	5 - 10
Furniture, computers and fixtures	3 - 10
Vehicles	5
Social housing	25

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Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

#### (ii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the financial statements.

#### (iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

#### (e) Revenue recognition:

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial position.

#### (f) Inventory:

Inventory is measured at the lower of cost and net realizable value by using the weighted average costing methodology. The First Nation uses the same cost formula for all inventory having a similar nature and use to the entity. When circumstances which previously caused inventory to be written down no longer exists the previous impairment is reversed.

# CHAPLEAU CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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## 1. Significant accounting policies (continued):

### (g) Consolidated revenue fund:

Funds held in trust are comprised of funds held in Ottawa Trust accounts and arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

### (h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets, and valuation allowances for receivables and inventory. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

In addition, the First Nation's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

### (i) Defined contribution plan:

The First Nation provides pension benefits under a defined contribution pension plan. The cost of the defined contribution plan is recognized based on the contributions required to be made during each year.

## 2. Restricted cash:

In accordance with the operating agreements between the First Nation and Canada Mortgage and Housing Corporation ("CMHC"), cash in the amount of \$98,896 (2021 - \$75,134) is restricted to maintain a replacement reserve and operating surplus reserve.

As of fiscal year end, the First Nation is required to have set aside \$11,745 (2021 - \$9,135) for the replacement reserve. Additionally, the First Nation is required to set aside \$10,722 (2021 - \$Nil) for the operating surplus reserve. The First Nation is in compliance with both restrictions.

# CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2022

### 3. Tangible capital assets:

Cost	Balance at March 31, 2021	Additions	Disposals	Balance at March 31, 2022
Land	\$ 213,194	\$ -	\$ -	\$ 213,194
Buildings	10,072,675	1,448,036	-	11,520,711
Roads infrastructure	2,002,095	-	-	2,002,095
Machinery and equipment	1,589,264	235,895	-	1,825,159
Furniture, computers and fixtures	77,178	-	-	77,178
Vehicles	1,365,850	121,217	-	1,487,067
Social housing	2,127,344	2,166,750	-	4,294,094
<b>Total</b>	<b>\$ 17,447,600</b>	<b>\$ 3,971,898</b>	<b>\$ -</b>	<b>\$ 21,419,498</b>

Accumulated Amortization	Balance at March 31, 2021	Disposals	Amortization	Balance at March 31, 2022
Land	\$ -	\$ -	\$ -	\$ -
Buildings	2,577,497	-	195,356	2,772,853
Roads infrastructure	1,093,698	-	66,621	1,160,319
Machinery and equipment	1,016,787	-	148,458	1,165,245
Furniture, computers and fixtures	57,785	-	8,645	66,430
Vehicles	1,135,176	-	103,143	1,238,319
Social housing	273,451	-	105,050	378,501
<b>Total</b>	<b>\$ 6,154,394</b>	<b>\$ -</b>	<b>\$ 627,273</b>	<b>\$ 6,781,667</b>

	Net book value, March 31, 2021	Net book value, March 31, 2022
Land	\$ 213,194	\$ 213,194
Buildings	7,495,178	8,747,858
Roads infrastructure	908,397	841,776
Machinery and equipment	572,477	659,914
Furniture, computers and fixtures	19,393	10,748
Vehicles	230,674	248,748
Social housing	1,853,893	3,915,593
<b>Total</b>	<b>\$ 11,293,206</b>	<b>\$ 14,637,831</b>

# CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2022

### 3. Tangible capital assets (continued):

Cost	Balance at March 31, 2020	Additions	Disposals	Balance at March 31, 2021
Land	\$ 213,194	\$ -	\$ -	\$ 213,194
Buildings	8,993,447	1,079,228	-	10,072,675
Roads infrastructure	1,827,095	175,000	-	2,002,095
Machinery and equipment	1,242,719	346,545	-	1,589,264
Furniture, computers and fixtures	55,678	21,500	-	77,178
Vehicles	1,365,850	-	-	1,365,850
Social housing	1,390,098	737,246	-	2,127,344
<b>Total</b>	<b>\$ 15,088,081</b>	<b>\$ 2,359,519</b>	<b>\$ -</b>	<b>\$ 17,447,600</b>

Accumulated Amortization	Balance at March 31, 2020	Disposals	Amortization	Balance at March 31, 2021
Land	\$ -	\$ -	\$ -	\$ -
Buildings	2,408,029	-	169,468	2,577,497
Roads infrastructure	1,031,452	-	62,246	1,093,698
Machinery and equipment	896,038	-	120,749	1,016,787
Furniture, computers and fixtures	49,268	-	8,517	57,785
Vehicles	1,015,678	-	119,498	1,135,176
Social housing	225,702	-	47,749	273,451
<b>Total</b>	<b>\$ 5,626,167</b>	<b>\$ -</b>	<b>\$ 528,227</b>	<b>\$ 6,154,394</b>

	Net book value, March 31, 2020	Net book value, March 31, 2021
Land	\$ 213,194	\$ 213,194
Buildings	6,585,418	7,495,178
Roads infrastructure	795,643	908,397
Machinery and equipment	346,681	572,477
Furniture, computers and fixtures	6,410	19,393
Vehicles	350,172	230,674
Social housing	1,164,396	1,853,893
<b>Total</b>	<b>\$ 9,461,914</b>	<b>\$ 11,293,206</b>

# CHAPLEAU CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

## 4. Portfolio investments:

	2022		2021	
	Cost	Market	Cost	Market
Fixed income	\$ 37,060	\$ 37,283	\$ –	\$ –
Mutual funds	1,178,124	1,253,887	1,142,024	1,185,744
Private company shares	50,009	50,009	–	–
Public company shares	392,248	714,717	459,748	558,567
	<u>\$ 1,657,441</u>	<u>\$ 2,055,896</u>	<u>\$ 1,601,772</u>	<u>\$ 1,744,311</u>

## 5. Investment in First Nation business partnerships:

The First Nation has the following investments in business partnerships:

- 250 Class A and 250 Class B limited partnership units of Wahkohtowin Development LP and 250 Common shares in Wahkohtowin Development General Partner Inc (together "WDLP"), representing a 33.33% equity interest.
- 200 limited partnership units of Three Nations Development LP and 100 common shares of 2454357 Ontario Inc (together "TND"), representing a 33.33% equity interest.
- 100 limited partner units of Mushkegowuk Regional Economic Development LP ("MREDLP"), representing a 12.5% equity interest.
- 40,000 limited partner units of Nipiy-WOF HydroKap LP ("WPF"), representing a 20.00% equity interest.
- 1 limited partnership unit of Northeast Superior First Nations Investment LP and Northeast Superior First Nations Investment GP Inc. (together "NSFNI"), representing a 33.33% equity interest.
- 1 limited partner unit of Opeewin limited partnership and 2680985 Ontario Corp. (together "2680985 LP"), representing a 33.33% equity interests.

The First Nation's equity interest in these business partnerships is summarized as follows:

# CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2022

## 5. Investment in First Nation business enterprises (continued):

The investments as March 31, 2022, consists of the following:

	NSFNI	MREDLP	WDLP	TND	WPF	2680985 LP	Total
Balance, beginning of year	\$ 232,977	107,509	170,527	1,147,515	1	64,332	\$ 1,722,861
Dividend received	(529,133)	-	-	(500,000)	-	-	(1,029,133)
First Nation's earnings and adjustments	3,173,170	51,106	26,978	593,476	-	(36,982)	3,807,748
<b>Balance, end of year</b>	<b>\$ 2,877,014</b>	<b>158,615</b>	<b>197,505</b>	<b>1,240,991</b>	<b>1</b>	<b>27,350</b>	<b>\$ 4,501,476</b>

Financial information for the business partnerships is as follows:

	NSFNI	MREDLP	WDLP	TND	WPF	2680985 LP	Total
<b>Financial position:</b>							
Current assets	\$ 23,029	334,890	545,781	4,789,029	1	173,570	\$ 5,866,300
Non-current assets	8,614,075	1,132,306	427,056	847,349	-	1,201,998	12,222,784
<b>Total assets</b>	<b>8,637,104</b>	<b>1,467,196</b>	<b>972,837</b>	<b>5,636,378</b>	<b>1</b>	<b>1,375,568</b>	<b>18,089,084</b>
Current liabilities	6,036	254,130	325,775	1,902,939	-	334,125	2,823,005
Non-current liabilities	-	150,000	162,930	-	-	959,391	1,272,321
<b>Total liabilities</b>	<b>6,036</b>	<b>404,130</b>	<b>488,705</b>	<b>1,902,939</b>	<b>-</b>	<b>1,293,516</b>	<b>4,095,326</b>
<b>Partners' equity</b>	<b>\$ 8,631,068</b>	<b>1,063,066</b>	<b>484,132</b>	<b>3,733,439</b>	<b>1</b>	<b>82,052</b>	<b>\$ 13,993,758</b>

Results of operations:

Revenue	\$ 9,445,865	667,466	1,010,122	2,958,099	-	710,008	\$ 14,791,560
Expenses	60,733	258,575	929,204	1,181,014	-	855,706	3,285,232
<b>Net earnings (loss)</b>	<b>\$ 9,385,132</b>	<b>408,891</b>	<b>80,918</b>	<b>1,777,085</b>	<b>-</b>	<b>(145,698)</b>	<b>\$ 11,506,328</b>

Financial information for all business partnerships was not available for the year ended March 31, 2022 except for that of NSFNI LP. Subsequently, financial position information is at March 31, 2021 and no financial information has been presented for results of operations.

# CHAPLEAU CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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## 6. Investment in First Nation business enterprises:

The First Nation wholly owns 2507503 Ontario Inc ("2507"). 2507 operates as a capital asset holding company for the First Nation. There has been no activity within 2507 as at March 31, 2022, as such, is recorded at a value of \$1.

## 7. Line of credit:

The First Nation has an available line of credit in the amount of \$200,000 with the Royal Bank which is payable on demand and bears interest at prime plus 0.7% payable monthly and is secured by a general security agreement. As at March 31, 2022, there is a balance of \$Nil (2021 - \$Nil).

## 8. Deferred revenue:

Deferred revenue by contributor is detailed as follows:

	2022	2021
Indigenous Services Canada	\$ 1,410,127	\$ 1,260,487
Canada Mortgage Housing Corporation	323,162	–
Ministry of Indigenous Affairs	197,117	26,370
First Nations Confederacy of Cultural Education (ILC)	145,366	–
HydroMega	48,088	48,088
Mushkegowuk	39,422	28,420
Nishnawbe Aski Nation	14,202	–
Recreation and Culture – Youth Trip	5,546	5,546
RBC	–	27,588
	<u>\$ 2,183,030</u>	<u>\$ 1,396,499</u>

# CHAPLEAU CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

## 9. Long-term debt:

	2022	2021
Northern Credit Union loan payable, Burkholder, \$771 monthly plus interest at 4.00% per annum secured by Credit Union shares and deposits, due in 2030	\$ —	\$ 87,103
CMHC mortgage payable, Cachagee Road, payable \$933 Monthly, bearing interest at 2.13% per annum, due in 2042	186,845	194,010
CMHC mortgage payable, Louttit Lane, payable \$933 Monthly, bearing interest at 2.13% per annum, due in 2042	186,845	194,010
Northern Credit Union loan payable, Sacred Tree, \$3,351 monthly plus interest at 4.00% per annum secured by Credit Union shares and deposits, due in 2032	353,830	370,005
	<u>\$ 727,520</u>	<u>\$ 845,128</u>

All long-term debt obligations have been approved and are secured by Band Council Resolution.

Principal payments required on long-term debt within each of the next five years and thereafter are as follows:

2023	\$ 41,141
2024	42,535
2025	43,980
2026	45,477
2027	47,029
Thereafter	507,358

## 10. Contingent liabilities:

### (a) Loan guarantees:

The First Nation has guaranteed mortgages made to various members and is contingently liable, the balance of which is \$101,318 (2021 - \$155,397).

### (b) Government funding:

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments, with audit adjustments repayable to the government.

# CHAPLEAU CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

## 11. Indigenous Services Canada ("ISC"):

	2022	2021
Revenue per funding confirmation	\$ 4,662,953	\$ 3,523,815
Deferred revenue, beginning of year	1,260,487	1,589,755
Unearned holdbacks	(64,638)	–
Accounts receivable gross-up adjustment	(194,356)	–
Medical travel reimbursement	20,511	–
Deferred revenue, end of year	(1,410,127)	(1,260,487)
	<u>\$ 4,274,830</u>	<u>\$ 3,853,083</u>

Included in accounts receivable are amounts due from ISC of \$546,732 (2021 - \$283,648).

## 12. Accumulated operating surplus:

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 13,910,311	\$ 10,448,078
Operating	(1,998,530)	(2,587,287)
CMHC operating fund	10,722	(4,637)
Investment in business enterprises and partnerships	4,501,477	1,722,862
	<u>16,423,980</u>	<u>9,579,016</u>
Reserve and reserve funds set aside for specific purpose by Council:		
Consolidated Revenue Fund (Ottawa Trust Funds)	38	38
Ontario First Nations Limited Partnership	5,131,023	4,955,775
Reserves	5,145,570	4,020,838
	<u>10,276,631</u>	<u>8,976,651</u>
Accumulated remeasurement gains	398,455	142,538
	<u>\$ 27,099,066</u>	<u>\$ 18,698,205</u>

## 13. Defined contribution plan:

The contributions to the defined contribution pension plan were \$67,712 (2021 - \$55,990).

# CHAPLEAU CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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## **14. Accounts payable and accrued liabilities:**

Included in accounts payable and accrued liabilities at March 31, 2022 is \$135,193 (2021 - \$88,370) in TLE supplementary per-capita distributions owing to members who have not yet reached the age of majority. These funds are held in a separate bank account and are included in cash and term deposits.

## **15. Budget figures:**

Budgets established for capital funds are based on a project-oriented basis, the costs of which may be carried out over several years. Current fund budgets are affected on an on-going basis, depending on when various government programs become available to the First Nation. Accordingly, the budgets are not directly comparable with current year actual amounts and therefore, budgets have not been disclosed on the consolidated statement of operations.

## **16. Effects of COVID-19:**

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the First Nation's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect to the First Nation's business is not known at this time.

## **17. Comparative information:**

Certain comparative information have been reclassified from those previously presented to conform to the presentation of the 2022 financial statements.

## **18. Segmented information:**

Chapleau Cree First Nation is a diversified governmental institution that provides a wide range of services to its band members, including band support, medical services, education, social, social housing and capital. For management reporting purposes the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

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:

# CHAPLEAU CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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## 18. Segmented information (continued):

### **Social Housing**

The housing department manages the operations of the various rental housing owned by the First Nation including both CMHC and other housing. This includes tenant identification, rent collection and maintenance management.

### **Health Services**

The health services department provides a diverse bundle of services directed toward the well-being of the members of the member First Nations including such activities as long-term care, health centers, diabetes, fetal alcohol syndrome, mental health, smoke free programs, traditional healing, and training designed to enhance the health of members.

### **Education**

The education department provides education management services to the member First Nations as well as overseeing various small incentives on behalf of the members.

### **Band Support**

The band support department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of chief and council and management and assistance for computer and communications related projects and services.

### **Capital**

The capital department provides services for the longevity of the First Nation by the acquisition and development of land resources, equipment, roads and housing. Revenue and expenses included in the capital department are generally of long-term in nature, capitalized in the accounts of the First Nation and amortized over their useful life.

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 allocations 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 financial statements as disclosed in the summary of significant accounting policies.

# CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2022

## 18. Segmented information (continued):

	Social Housing	Medical Services	Education	Band Support	Capital	2022 Total
Revenue	2,521,180	2,354,379	891,076	14,500,478	121,102	20,388,215
Expenses:						
Wages, benefits and honorariums	-	729,012	156,386	1,754,332	-	2,639,730
Cost of sales	-	-	-	3,055,296	-	3,055,296
Materials and supplies	2,476,372	1,276,948	25,337	2,797,515	-	6,576,172
Tuition and allowances	-	-	560,707	-	-	560,707
Contractual and professional services	31,276	76,750	-	485,909	-	593,935
Other	5,953	141,606	64,814	1,662,298	-	1,874,671
Interest on long-term debt	19,383	-	-	34,117	-	53,500
Travel and training	-	113,581	12,098	11,284	-	136,963
Capital purchases	-	60,965	-	-	-	60,965
Amortization of tangible capital assets	116,326	121,871	20,400	368,676	-	627,273
Investment in tangible capital assets	(2,166,750)	(183,236)	-	(1,621,912)	-	(3,971,898)
	482,560	2,337,497	839,742	8,547,515	-	12,207,314
Excess of revenue over expenses	\$ 2,038,620	16,882	51,334	5,952,963	121,102	\$ 8,180,901

# CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2022

## 18. Segmented information (continued):

	Social Housing	Medical Services	Education	Band Support	Capital	2021 Total
Revenue	200,222	1,702,430	793,167	10,643,022	121,991	13,460,832
Expenses:						
Wages, benefits and honorariums	10,905	628,654	167,454	1,713,158	-	2,520,171
Cost of sales	-	-	-	2,218,319	-	2,218,319
Materials and supplies	804,754	782,551	42,861	1,230,592	-	2,860,758
Tuition and allowances	-	-	561,836	-	-	561,836
Contractual and professional services	44,978	69,618	-	747,177	-	861,773
Other	747	155,389	17,390	2,602,850	-	2,776,376
Interest on long-term debt	15,270	-	-	27,935	-	43,205
Travel and training	-	47,005	3,626	20,505	-	71,136
Capital purchases	11,196	-	-	-	-	11,196
Amortization of tangible capital assets	62,741	117,595	20,400	327,491	-	528,227
Investment in tangible capital assets	(748,146)	(84,319)	-	(1,527,054)	-	(2,359,519)
	202,445	1,716,493	813,567	7,360,973	-	10,093,478
Excess (deficiency) of revenue over expenses	\$ (2,223)	(14,063)	(20,400)	3,282,049	121,991	\$ 3,367,354