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PRIVATE AND CONFIDENTIAL

Indigenous Services Canada

100 Anemki Place, Suite 101
Fort William First Nation, ON P7J 1A5

July 28, 2023

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, 2023 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The following additional required reporting documents will not be published and are for your internal purposes only: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

A handwritten signature in blue ink, appearing to read 'Kyle Ellis'.

Kyle Ellis, CPA, CA, CBV
Partner

/lb

Enclosures:

Consolidated Financial Statements of

CHAPLEAU CREE FIRST NATION

And Independent Auditor's Report thereon

Year ended March 31, 2023

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 auditor's 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



KPMG LLP
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INDEPENDENT AUDITOR'S 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, 2023
- the consolidated statement of operations and accumulated operating 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, 2023, 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, 2023. 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, 2023.



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- The share of earnings from First Nation business partnerships reported on the consolidated statement of operations and accumulated operating surplus for years ended March 31, 2023.
- 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, 2023.
- 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, 2023.
- The excess of revenue over expenses reported in the consolidated statement of cash flows for the years ended March 31, 2023.

Our opinion on the financial statements for the year ended March 31, 2023 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 “**Auditor’s Responsibilities for the Audit of the Financial Statements**” section of our auditor’s 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.



Auditor's 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 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 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 auditor's 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 auditor's 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

July 26, 2023

CHAPLEAU CREE FIRST NATION

Index to Consolidated Financial Statements

Year ended March 31, 2023

Financial Statements

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CHAPLEAU CREE FIRST NATION

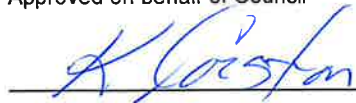
Exhibit A - Consolidated Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Financial assets		
Cash and term deposits	\$ 12,197,306	\$ 12,998,350
Restricted cash (note 2)	134,122	98,896
Accounts receivable	3,198,393	1,045,406
Portfolio investments (note 4)	3,782,004	2,055,896
Consolidated revenue fund	38	38
Investment in First Nations business partnerships (note 5)	2,444,741	4,501,476
Investment in First Nations business enterprises (note 6)	1	1
	<u>21,756,605</u>	<u>20,700,063</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 14)	5,664,745	5,518,747
Deferred revenue (note 8)	2,785,610	2,183,030
Long-term debt (note 9)	1,036,967	727,520
	<u>9,487,322</u>	<u>8,429,297</u>
Net financial assets	<u>12,269,283</u>	<u>12,270,766</u>
Non-financial assets		
Prepaid expenses	49,506	13,906
Inventory	139,510	176,563
Tangible capital assets (note 3)	19,304,272	14,637,831
	<u>19,493,288</u>	<u>14,828,300</u>
Contingent liabilities (note 10)		
Accumulated surplus (note 12)	<u>\$ 31,762,571</u>	<u>\$ 27,099,066</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	31,633,678	26,700,611
Accumulated remeasurement gains	128,893	398,455
	<u>\$ 31,762,571</u>	<u>\$ 27,099,066</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, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Indigenous Services Canada (note 11)	\$ 4,721,809	\$ 4,274,830
Ontario First Nations Limited Partnership	561,794	381,461
Canada Mortgage and Housing Corporation	382,321	2,425,432
Ministry of Health	164,086	162,293
Gas Bar sales	3,685,168	3,422,527
Goldcorp	3,130,173	2,349,321
Revenue resource share	3,595,441	1,989,298
Other	4,227,522	1,642,805
Realized gain/(loss) on portfolio investments	-	(67,500)
	20,468,314	16,580,467
Expenses:		
Band Administration	874,071	253,784
Economic Development	673,985	1,099,445
Education	822,177	839,742
Employment and Training	197,164	91,499
Culture and Recreation	507,755	261,865
Community Infrastructure	1,161,426	840,805
Business Enterprises	136,001	9,047
Medical Services	2,515,090	2,337,497
Social Housing	284,949	482,560
Chapleau Cree Garage	414,463	343,102
Land Claims	32,870	82,826
Chapleau Cree Gas Bar	3,952,016	3,502,923
Commercial Rentals	118,830	97,495
Per Capita Distributions	4,487,715	2,000,681
	16,178,512	12,243,271
Excess of revenue over expenses before undernoted items	4,289,802	4,337,196
Other income (note 5):		
Share of earnings from First Nation business partnerships	643,265	3,807,748
Excess of revenue over expenses	4,933,067	8,144,944
Accumulated operating surplus, beginning of year	26,700,611	18,555,667
Accumulated operating surplus, end of year	\$ 31,633,678	\$ 26,700,611

See accompanying notes to financial statements.

CHAPLEAU CREE FIRST NATION

Exhibit C - Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Excess of revenue over expenses	\$ 4,933,067	\$ 8,144,944
Acquisition of tangible capital assets	(5,597,232)	(3,971,898)
Amortization of tangible capital assets	930,791	627,273
Realized loss on investments	-	67,500
Unrealized gain (loss) on investments	(269,562)	188,417
	(2,936)	5,056,236
Use (acquisition) of prepaid expenses	(35,600)	(274)
Acquisition of inventory	37,053	(40,448)
Change in net financial assets	(1,483)	5,015,514
Net financial assets, beginning of year	12,270,766	7,255,252
Net financial assets, end of year	\$ 12,269,283	\$ 12,270,766

See accompanying notes to financial statements.

CHAPLEAU CREE FIRST NATION

Exhibit D - Consolidated Statement of Remeasurement Gains

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Accumulated remeasurement gains, beginning of year	\$ 398,455	\$ 142,538
Unrealized gains (losses) attributable to:		
Fixed income	18,197	223
Mutual funds	(7,408)	32,043
Public company shares	(280,351)	156,151
	(269,562)	188,417
Realized loss attributable to:		
Public company shares	-	67,500
	-	67,500
Net remeasurement gains (loss) for the year	(269,562)	255,917
Accumulated remeasurement gains, end of year	\$ 128,893	\$ 398,455

See accompanying notes to financial statements.

CHAPLEAU CREE FIRST NATION

Exhibit E - Consolidated Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Operating transactions:		
Excess of revenue over expenses	\$ 4,933,067	\$ 8,144,944
Adjustments for:		
Share of earnings from First Nation business partnerships	(643,265)	(3,807,748)
Amortization of tangible capital assets	930,791	627,273
Realized loss on portfolio investments	-	67,500
	5,220,593	5,031,969
Change in non-cash working capital:		
Decrease in accounts receivable	(2,152,987)	(343,404)
Increase in accounts payable and accrued liabilities	145,998	1,659,137
Increase in deferred revenue	602,580	786,531
Decrease (increase) in inventory	37,053	(40,448)
Increase in prepaid expenses	(35,600)	(274)
	3,817,637	7,093,511
Capital transactions:		
Acquisition of tangible capital assets	(5,597,232)	(3,971,898)
Financing transactions:		
Long-term debt advanced	339,174	-
Principal payments on long-term debt	(29,727)	(117,608)
	309,447	(117,608)
Investing transactions:		
Dividends received from First Nation business enterprises	2,700,000	1,029,133
Purchase of portfolio investments	(1,995,670)	(205,668)
Proceeds on sale of portfolio investments	-	82,500
	704,330	905,965
Net increase (decrease) in cash position	(765,818)	3,909,970
Cash, beginning of year	13,097,246	9,187,276
Cash, end of year	\$ 12,331,428	\$ 13,097,246
Cash position consists of:		
Cash and term deposits	\$ 12,197,306	\$ 12,998,350
Restricted cash - replacement reserve	134,122	98,896
	\$ 12,331,428	\$ 13,097,246

See accompanying notes to financial statements.

CHAPLEAU CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2023

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, 2023

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, 2023

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

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, 2023

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.

(j) Asset retirement obligations:

The First Nation recognizes the fair value of an Asset Retirement Obligation ("ARO") when all of the following criteria have been met:

- 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.

A liability for asset retirement obligations has not been recorded in these financial statements.

CHAPLEAU CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2023

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 \$134,122 (2022 - \$98,896) 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 \$13,565 (2022 - \$11,745) for the replacement reserve. Additionally, the First Nation is required to set aside \$10,722 (2022 - \$10,722) for the operating surplus reserve. The First Nation is in compliance with both restrictions.

CHAPLEAU CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2023

3. Tangible capital assets:

Cost	Balance at March 31, 2022	Additions	Disposals	Balance at March 31, 2023
Land	\$ 213,194	\$ -	\$ -	\$ 213,194
Buildings	11,520,711	2,200,043	-	13,720,754
Roads infrastructure	2,002,095	392,206	-	2,394,301
Machinery and equipment	1,825,159	67,421	-	1,892,580
Furniture, computers and fixtures	77,178	131,474	-	208,652
Vehicles	1,487,067	89,204	-	1,576,271
Social housing	4,294,094	2,716,884	-	7,010,978
Total	\$ 21,419,498	\$ 5,597,232	\$ -	\$ 27,016,730

Accumulated Amortization	Balance at March 31, 2022	Disposals	Amortization	Balance at March 31, 2023
Land	\$ -	\$ -	\$ -	\$ -
Buildings	2,772,853	-	388,322	3,161,175
Roads infrastructure	1,160,319	-	76,426	1,236,745
Machinery and equipment	1,165,245	-	172,289	1,337,534
Furniture, computers and fixtures	66,430	-	29,079	95,509
Vehicles	1,238,319	-	124,185	1,362,504
Social housing	378,501	-	140,490	518,991
Total	\$ 6,781,667	\$ -	\$ 930,791	\$ 7,712,458

	Net book value, March 31, 2022	Net book value, March 31, 2023
Land	\$ 213,194	\$ 213,194
Buildings	8,747,858	10,559,579
Roads infrastructure	841,776	1,157,556
Machinery and equipment	659,914	555,046
Furniture, computers and fixtures	10,748	113,143
Vehicles	248,748	213,767
Social housing	3,915,593	6,491,987
Total	\$ 14,637,831	\$ 19,304,272

CHAPLEAU CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2023

3. Tangible capital assets (continued):

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
Total	\$ 17,447,600	\$ 3,971,898	\$ -	\$ 21,419,498

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
Total	\$ 6,154,394	\$ -	\$ 627,273	\$ 6,781,667

	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
Total	\$ 11,293,206	\$ 14,637,831

CHAPLEAU CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2023

4. Portfolio investments:

		2023		2022	
		Cost	Market	Cost	Market
Fixed income	\$	760,000	\$ 778,420	\$ 37,060	\$ 37,283
Mutual funds		1,424,375	1,492,730	1,178,124	1,253,887
Private company shares		50,009	50,009	50,009	50,009
Public company shares		1,418,727	1,460,845	392,248	714,717
	\$	3,653,111	\$ 3,782,004	\$ 1,657,441	\$ 2,055,896

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 Consolidated Financial Statements

Year ended March 31, 2023

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

The investments as March 31, 2023, consists of the following:

	NSFNI	MREDLP	WDLP	TND	WPF	2680985 LP	Total
Balance, beginning of year	\$ 2,877,014	158,615	197,505	1,240,991	1	27,350	\$ 4,501,476
Dividends or distributions received	(1,450,000)	-	-	(1,250,000)	-	-	(2,700,000)
First Nation's earnings and adjustments	-	12,542	2,969	620,374	-	7,380	643,265
Balance, end of year	\$ 1,427,014	171,157	200,474	611,365	1	34,730	\$ 2,444,741

Financial information for the business partnerships is as follows:

	NSFNI	MREDLP	WDLP	TND	WPF	2680985 LP	Total
Financial position:							
Current assets	\$ 23,029	434,021	451,264	5,136,650	1	197,805	\$ 6,242,770
Non-current assets	8,614,075	1,218,454	575,676	802,366	-	882,646	12,093,217
Total assets	8,637,104	1,652,475	1,026,940	5,939,016	1	1,080,451	18,335,987
Current liabilities	6,036	339,060	232,095	354,018	-	366,208	1,297,417
Non-current liabilities	-	150,000	302,065	-	-	610,051	1,062,116
Total liabilities	6,036	489,060	534,160	354,018	-	976,259	2,359,533
Partners' equity	\$ 8,631,068	1,163,415	492,780	5,584,998	1	104,192	\$ 15,976,454

Results of operations:

Revenue	\$ 9,445,865	429,291	1,099,717	3,017,645	-	1,001,521	\$ 14,994,039
Expenses	60,733	328,942	1,091,069	1,156,525	-	979,381	3,616,650
Net earnings (loss)	\$ 9,385,132	100,349	8,648	1,861,120	-	22,140	\$ 11,377,389

Financial information for all business partnerships was not available for the year ended March 31, 2023. All business partnership figures have been presented based on the March 31, 2022 financial information available.

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Notes to Consolidated Financial Statements

Year ended March 31, 2023

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, 2023, there is a balance of \$Nil (2022 - \$Nil).

8. Deferred revenue:

Deferred revenue by contributor is detailed as follows:

	2023	2022
Indigenous Services Canada	\$ 2,026,439	\$ 1,410,127
Ministry of Indigenous Affairs	617,660	197,117
First Nations Confederacy of Cultural Education (ILC)	135,965	145,366
Recreation and Culture – Youth Trip	5,546	5,546
Canada Mortgage Housing Corporation	–	323,162
HydroMega	–	48,088
Mushkegowuk	–	39,422
Nishnawbe Aski Nation	–	14,202
	<u>\$ 2,785,610</u>	<u>\$ 2,183,030</u>

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Notes to Consolidated Financial Statements

Year ended March 31, 2023

9. Long-term debt:

	2023	2022
CMHC mortgage payable, Cachagee Road, payable \$933		
Monthly, bearing interest at 2.13% per annum, due in 2042	\$ 180,398	\$ 186,845
CMHC mortgage payable, Louttit Lane, payable \$933		
Monthly, bearing interest at 2.13% per annum, due in 2042	180,398	186,845
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	336,996	353,830
CMHC loan advances for construction of properties at		
Lot 51, Lot 52 and Mukeso	339,175	—
	<u>\$ 1,036,967</u>	<u>\$ 727,520</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:

2024	\$ 381,314
2025	43,568
2026	45,049
2027	46,583
2028	48,175
Thereafter	472,278

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 \$96,586 (2022 - \$101,318).

(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.

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Notes to Consolidated Financial Statements

Year ended March 31, 2023

11. Indigenous Services Canada ("ISC"):

	2023	2022
Revenue per funding confirmation	\$ 5,821,987	\$ 4,662,953
Deferred revenue, beginning of year	1,410,127	1,260,487
Unearned holdbacks and receivables	(689,750)	(64,638)
Accounts receivable gross-up adjustment	194,356	(194,356)
Medical travel reimbursement	11,528	20,511
Deferred revenue, end of year	(2,026,439)	(1,410,127)
	\$ 4,721,809	\$ 4,274,830

Included in accounts receivable are amounts due from ISC of \$317,417 (2022 - \$546,732).

12. Accumulated operating surplus:

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

	2023	2022
Surplus:		
Invested in tangible capital assets	\$ 18,267,305	\$ 13,910,311
Operating	(2,610,252)	(1,998,530)
CMHC operating fund	10,722	10,722
Investment in business enterprises and partnerships	2,444,741	4,501,477
	18,112,516	16,423,980
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	5,131,023
Reserves	8,390,101	5,145,570
	13,521,162	10,276,631
Accumulated remeasurement gains	128,893	398,455
Accumulated surplus	\$ 31,762,571	\$ 27,099,066

13. Defined contribution plan:

The contributions to the defined contribution pension plan were \$73,811 (2022 - \$67,712). There have been no significant changes to the contribution plan during the period.

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Notes to Consolidated Financial Statements

Year ended March 31, 2023

14. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities at March 31, 2023 is \$137,645 (2022 - \$135,193) in TLE supplementary per-capita distributions owing to members, including members who have not yet reached the age of majority as well as other members entitled to the distribution. These funds are held in separate bank and investment accounts.

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. Comparative information:

Certain comparative information have been reclassified from those previously presented to conform to the presentation of the 2023 financial statements.

17. Change in accounting policies:

On April 1, 2022, the First Nation adopted the Public Accounting Standard PS 3280 – *Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in facilities. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the assumptions used on initial recognition are those as of the date of adoption of the standard.

In accordance with the provisions of this new standard, the First Nation completed an analysis of all facilities, capital assets and lease agreements and determined there was no asset retirement obligations that existed as of April 1, 2022.

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:

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Notes to Consolidated Financial Statements

Year ended March 31, 2023

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.

The accounting policies used in these Schedules are consistent with those followed in the preparation of the financial statements as disclosed in the summary of significant accounting policies.

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Notes to Consolidated Financial Statements

Year ended March 31, 2023

18. Segmented information (continued):

	Social Housing	Medical Services	Education	Band Support	Capital	2023 Total
Indigenous Services Canada	\$ 706,250	1,873,200	764,120	1,255,107	123,132	\$ 4,721,809
Ontario First Nations Limited Partnership	-	-	-	561,794	-	561,794
Canada Mortgage and Housing Corporation	59,159	-	-	323,162	-	382,321
Ministry of Health	-	164,086	-	-	-	164,086
Gas Bar sales	-	-	-	3,685,168	-	3,685,168
Goldcorp	-	-	-	3,130,173	-	3,130,173
Revenue resource share	-	-	-	3,595,441	-	3,595,441
Other	(122,893)	371,425	67,912	4,507,125	47,218	4,870,787
Revenue	642,516	2,408,711	832,032	17,057,970	170,350	21,111,579
Expenses:						
Wages, benefits and honorariums	92,690	695,318	187,424	1,723,868	-	2,699,300
Cost of sales	-	5,920	-	3,353,309	-	3,359,229
Materials and supplies	86,286	1,516,037	216,201	1,710,172	-	3,528,696
Tuition and allowances	-	-	382,464	-	-	382,464
Contractual and professional services	42,108	71,131	1,003	740,189	-	854,431
Other	-	-	800	4,228,241	-	4,229,041
Interest on long-term debt	-	-	-	110	-	110
Travel and training	-	75,754	13,885	59,277	-	148,916
Capital purchases	2,629,787	4,482	-	3,008,497	-	5,642,766
Amortization of tangible capital assets	150,962	150,930	20,400	608,499	-	930,791
Investment in tangible capital assets	(2,716,884)	(4,482)	-	(2,875,866)	-	(5,597,232)
	284,949	2,515,090	822,177	12,556,296	-	16,178,512
Excess (deficiency) of revenue over expenses	\$ 357,567	(106,379)	9,855	4,501,674	170,350	\$ 4,933,067

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Notes to Consolidated 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	1,698,255	-	1,910,628
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	8,583,472	-	12,243,271
Excess of revenue over expenses	\$ 2,038,620	16,882	51,334	5,917,006	121,102	\$ 8,144,944