

**Chapleau Ojibwe First Nation
Consolidated Financial Statements
For the year ended March 31, 2015**

Chapleau Ojibwe First Nation
Consolidated Financial Statements
For the year ended March 31, 2015

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Chapleau Ojibwe First Nation Management's Responsibility for Financial Reporting

March 31, 2015

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

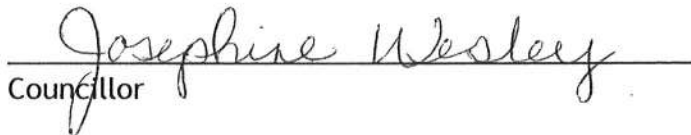
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The external auditors, BDO Canada LLP, conduct an audit in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have access to financial management of Chapleau Ojibwe First Nation and meet when required.



Chief


Councillor



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Independent Auditor's Report

To the Members of Chapleau Ojibwe First Nation

We were engaged to audit the accompanying consolidated financial statements of the Chapleau Ojibwe First Nation, which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on conducting our audit in accordance with generally accepted auditing standards. Because of the matters described in the Basis of Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The First Nation was not able to provide satisfactory audit evidence with respect to the completeness or existence of expenses due to a lack of supporting documentation. Accordingly, we were unable to confirm or verify by alternate means that all expenses of the First Nation have been properly recorded, nor whether the classification of expenses is appropriate. As a result, we were unable to determine whether any adjustments might be necessary to expenses, accounts payable and accumulated surplus.

In addition the First Nation has not received audited financial statements of Amik-BBF HydroKap Limited Partnership or Amik-CTR HydroKap Limited Partnership. Accordingly, we were not able to determine whether any adjustments might be necessary to the portfolio investments or the related revenue, expenses, accumulated surplus and contingent liabilities.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
October 22, 2015

Chapleau Ojibwe First Nation
Consolidated Statement of Financial Position

March 31

2015

2014

Financial assets

Cash	\$ 83,266	\$ 1,721
Accounts receivable	4,631,765	1,048,060
Portfolio investments (Note 2)	41,625	41,625
Funds held in trust with Government of Canada (Note 3)	102,921	100,087
	<u>4,859,577</u>	<u>1,191,493</u>

Liabilities

Accounts payable and accrued liabilities	605,620	149,070
Deferred revenue (Note 4)	-	45,546
Long term debt (Note 5)	168,360	166,860
	<u>773,980</u>	<u>361,476</u>

Net financial assets

4,085,597 830,017

Non-financial assets

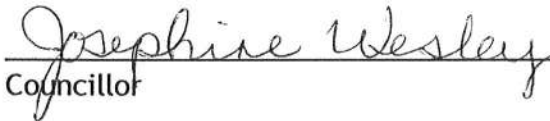
Tangible capital assets (Schedule 1)	1,224,225	1,289,952
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Accumulated surplus, end of year (Note 6)

\$ 5,309,822 \$ 2,119,969



Chief



Councillor

Chapleau Ojibwe First Nation

Consolidated Statement of Operations

For the year ended March 31

2015

2014

Revenue

Aboriginal Affairs	\$ 342,792	\$ 344,621
Province of Ontario	3,307,500	-
Ontario First Nations Limited Partnership	373,985	365,318
Wabun Tribal Council	179,656	163,905
Nishnawbe-Aski Nation	13,437	10,777
Rental	1,200	12,900
Interest	2,834	2,472
Other	163,639	165,811

	4,385,043	1,065,804
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Deferred revenue, beginning of year	45,546	-
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Deferred revenue, end of year	-	(45,546)
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	4,430,589	1,020,258
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Expenses

Band administration	802,213	356,156
Health services	103,979	62,630
Infrastructure	92,872	97,555
Education	88,423	16,343
Economic development and training	18,002	5,276
Community projects	47,040	58,441
Restricted reserves	88,207	-

	1,240,736	596,401
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Annual surplus	3,189,853	423,857
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Accumulated surplus, beginning of year	2,119,969	1,696,112
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Accumulated surplus, end of year	\$ 5,309,822	\$ 2,119,969
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Chapleau Ojibwe First Nation
Consolidated Statement of Change in Net Financial Assets

<u>For the year ended March 31</u>	<u>2015</u>	<u>2014</u>
Annual surplus	\$ 3,189,853	\$ 423,857
Amortization of tangible capital assets	<u>65,727</u>	<u>69,213</u>
Net change in net financial assets	3,255,580	493,070
Net financial assets, beginning of year	<u>830,017</u>	<u>336,947</u>
Net financial assets, end of year	<u>\$ 4,085,597</u>	<u>\$ 830,017</u>

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

Chapleau Ojibwe First Nation

Consolidated Statement of Cash Flows

For the year ended March 31	2015	2014
Cash flows from operating activities		
Annual surplus of revenue over expenses	\$ 3,189,853	\$ 423,857
Item not involving cash		
Amortization	<u>65,727</u>	<u>69,213</u>
	3,255,580	493,070
 Changes in non-cash operating balances		
Accounts receivable	(3,583,705)	(574,759)
Deferred revenue	(45,546)	45,546
Funds held in trust with Government of Canada	(2,834)	(2,472)
Accounts payable	<u>456,550</u>	<u>22,858</u>
	80,045	(15,757)
 Financing activities		
Increase of long term debt	<u>1,500</u>	<u>1,500</u>
 Increase (decrease) in cash and equivalents	81,545	(14,257)
Cash and cash equivalents, beginning of year	<u>1,721</u>	<u>15,978</u>
 Cash and cash equivalents, end of year	\$ 83,266	\$ 1,721

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

Chapleau Ojibwe First Nation

Notes to Consolidated Financial Statements

March 31, 2015

1. Summary of significant accounting policies

Accounting Principles These consolidated financial statements of the Chapleau Ojibwe First Nation have been prepared in accordance with Canadian public sector accounting standards prescribed for governments, as recommended by the Public Sector Accounting Board.

Basis of Consolidation These financial statements reflect the assets, liabilities, revenues and expenses of all programs under the control of Chief and Council.

All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Organizations consolidated include:

- Chapleau Ojibwe (Amik-BBF Hydrokap) F.N. Limited Partnership
- Chapleau Ojibwe (CTR Hydrokap) F.N. Limited Partnership
- Chapleau Ojibwe (Amik-BBF Hydrokap) F.N. Inc.
- Chapleau Ojibwe (CTR Hydrokap) F.N. Inc.

Chapleau Ojibwe First Nation has invested through Chapleau Ojibwe (Amik-BBF Hydrokap) F.N. Limited Partnership and Chapleau Ojibwe (CTR Hydrokap) F.N. Limited Partnership for 10% interest in both Amik-BBF HydroKap L.P. and Amik-CTR HydroKap L.P. The F.N. Limited Partnerships account for their investment in these other government organizations as portfolio investments.

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

Tangible Capital Assets Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. 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:

Housing	40 years
Buildings	40 years
Water system	25 to 50 years
Roads	30 to 50 years
Furniture and fixtures	5 years
Computer hardware	3 years
Vehicles	5 years
Machinery and equipment	5 years

Chapleau Ojibwe First Nation

Notes to Consolidated Financial Statements

March 31, 2015

1. Summary of significant accounting policies (continued)

Revenue Recognition	<p>Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis.</p> <p>Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.</p> <p>Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the specific purpose.</p> <p>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 performed.</p>
Use of Estimates	<p>The preparation of financial statements in conformity with Canadian generally accepted accounting principles for governments 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 revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>

2. Portfolio investments

As part of its benefit agreement with Probe Mines Limited, the First Nation was issued 25,000 shares of the company. During the year, these shares were exchanged for shares in Probe Metals Inc and Goldcorp Inc. The total cost base of the shares is \$41,625.

	2015	2014
Probe Mines Limited - 25,000 shares	\$ -	\$ 41,625
Probe Metals Inc - 16,664 shares, Goldcorp Inc - 8,774 shares	41,625	-
Amik-BBF HydroKap Limited Partnership - 20,000 units	-	-
Amik-CTR HydroKap Limited Partnership - 20,000 units	-	-
	<u>\$ 41,625</u>	<u>\$ 41,625</u>

The market value of the shares at March 31, 2015 was \$207,099.

In April 2015 the First Nation exercised its option for further shares of Goldcorp Inc. Subsequently in May 2015 all Probe Metals Inc and Goldcorp Inc shares were sold.

Chapleau Ojibwe First Nation

Notes to Consolidated Financial Statements

March 31, 2015

3. Trust Funds held by Federal Government

	March 31, 2014	Additions 2015	Withdrawals 2015	March 31, 2015
Revenue	\$ 64,124	\$ 2,834	\$ -	\$ 66,958
Capital	35,963	-	-	35,963
	<u>\$ 100,087</u>	<u>\$ 2,834</u>	<u>\$ -</u>	<u>\$ 102,921</u>

The trust funds 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. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

4. Deferred revenue

Deferred revenue is broken down by program as follows:

	2015	2014
Economic development and training	\$ -	\$ 9,724
Education	-	35,822
	<u>\$ -</u>	<u>\$ 45,546</u>

5. Long term debt

Aboriginal Affairs Native Land Claims Loan, non-interest bearing, repayable in full on the earlier of March 31, 2015 or land claim settlement, with a possible extension of five years if the claim is still in negotiation when the loan becomes due

Wabun Tribal Council emergency loan, bearing interest at 4% per annum

	2015	2014
	\$ 135,360	\$ 135,360
	<u>33,000</u>	<u>31,500</u>
	<u>\$ 168,360</u>	<u>\$ 166,860</u>

Chapleau Ojibwe First Nation

Notes to Consolidated Financial Statements

March 31, 2015

6. Accumulated surplus

	2015	2014
Reserves set aside for specific purposes by the First Nation		
Education	\$ 817	\$ 817
Capital projects	632,361	529,125
OFNLP	817,166	531,388
TLE	2,859,402	-
Reserves	4,309,746	1,061,330
Equity in tangible capital assets	1,224,225	1,289,952
Members' equity (deficit)	(327,070)	(331,400)
Funds held in trust by Federal Government	102,921	100,087
	<u>\$ 5,309,822</u>	<u>\$ 2,119,969</u>

7. Funding reconciliation

AANDC revenue per the financial statements	<u>\$ 342,792</u>
AANDC revenue per funding confirmation	<u>\$ 342,792</u>

8. Segmented information

The Chapleau Ojibwe First Nation is a diversified government institution that provides a wide range of services to its members, including education, infrastructure maintenance, medical and other health services, administration, capital, enterprises and other services. 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:

Administration

The administration 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, as well as delivers various community events.

Health services

The health services department provides a diverse bundle of services directed towards the well-being of members including such activities as early childhood care, community health representatives and other smaller programs designed to enhance the health of members.

Infrastructure

The infrastructure department provides public services that contribute to community development and sustainability through the provision of operating services such as roads, water systems, fire protection, electrical systems, community buildings and housing.

Chapleau Ojibwe First Nation

Notes to Consolidated Financial Statements

March 31, 2015

8. Segmented information (continued)

Education

The education department provides education counselling services and related services to the members.

Economic development

The economic development department is responsible for identifying and developing economic opportunities for the benefit of the First Nation and its members. The department also secures and delivers employment training funding for the First Nation

Capital

The capital department provides services for the longevity of the First Nation by the acquisition and development of housing, roads and other capital projects. Activities in this department are generally long-term in nature, with items capitalized and amortized over their useful life according to the tangible capital asset policy.

Restricted reserve

This functional area includes the management and distribution of funds received from the Ontario First Nations Limited Partnership, as well as funds held in trust in Ottawa by the department of Aboriginal Affairs and Northern Development Canada.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies. For additional information see the Consolidated Schedule of Segment Disclosure - Service (Schedule 2).

9. Budget

The First Nation has not prepared a budget for the March 31, 2015 year-end, accordingly no budget figures have been presented for comparison purposes on the consolidated statements of operations and change in net financial assets.

Chapleau Ojibwe First Nation

Schedule 1 - Consolidated Tangible Capital Assets

For the year ended March 31, 2015

	Housing	Building	Water Treatment Plant	Roads	Furniture & Fixtures	Computer Hardware	Vehicles	Machinery & Equipment	Total
Cost, beginning of year	\$ 899,527	\$ 569,650	\$ 940,988	\$ 23,131	\$ 36,785	\$ 26,536	\$ 107,107	\$ 11,713	\$ 2,615,437
Additions	-	-	-	-	-	-	-	-	-
Cost, end of year	899,527	569,650	940,988	23,131	36,785	26,536	107,107	11,713	2,615,437
Accumulated amortization, beginning of year	449,406	391,221	288,259	23,131	31,657	26,536	107,107	8,168	1,325,485
Amortization	21,013	14,241	26,027	-	3,027	-	-	1,419	65,727
Accumulated amortization, end of year	470,419	405,462	314,286	23,131	34,684	26,536	107,107	9,587	1,391,212
Net carrying amount, end of year	\$ 429,108	\$ 164,188	\$ 626,702	\$ -	\$ 2,101	\$ -	\$ -	\$ 2,126	\$ 1,224,225

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

Chapleau Ojibwe First Nation
Schedule 1 - Consolidated Tangible Capital Assets (Continued)

For the year ended March 31, 2014 (comparative figures)

	Housing	Building	Water Treatment Plant	Roads	Furniture & Fixtures	Computer Hardware	Vehicles	Machinery & Equipment	Total
Cost, beginning of year	\$ 899,527	\$ 569,650	\$ 940,988	\$ 23,131	\$ 36,785	\$ 26,536	\$ 107,107	\$ 11,713	\$ 2,615,437
Additions	-	-	-	-	-	-	-	-	-
Cost, end of year	899,527	569,650	940,988	23,131	36,785	26,536	107,107	11,713	2,615,437
Accumulated amortization, beginning of year	426,918	376,980	262,232	23,131	28,336	25,280	107,107	6,288	1,256,272
Amortization	22,488	14,241	26,027	-	3,321	1,256	-	1,880	69,213
Accumulated amortization, end of year	449,406	391,221	288,259	23,131	31,657	26,536	107,107	8,168	1,325,485
Net carrying amount, end of year	\$ 450,121	\$ 178,429	\$ 652,729	\$ -	\$ 5,128	\$ -	\$ -	\$ 3,545	\$ 1,289,952

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

Chapleau Ojibwe First Nation

Schedule 2 - Consolidated Segment Disclosure

For the year ended March 31, 2015

	Band Support	Health Services	Infrastructure	Education	Economic Development	Capital	Restricted Reserve	Consolidated Total
Revenue								
Aboriginal Affairs	\$ 95,798	\$ -	\$ 76,157	\$ 52,601	\$ 15,000	\$ 103,236	\$ -	\$ 342,792
Province of Ontario	3,307,500	-	-	-	-	-	-	3,307,500
OFNLP	-	-	-	-	-	-	373,985	373,985
Wabun Tribal Council	85,818	90,542	3,296	-	-	-	-	179,656
Interest, rentals and other	163,639	13,437	1,200	-	-	-	2,834	181,110
	3,652,755	103,979	80,653	52,601	15,000	103,236	376,819	4,385,043
	-	-	-	35,822	9,724	-	-	45,546
Deferred revenue, beginning of year	3,652,755	103,979	80,653	88,423	24,724	103,236	376,819	4,430,589
Expenses								
Salaries, wages and benefits	161,318	84,219	28,556	69,288	16,502	-	-	359,883
Materials and supplies	98,404	6,922	20,559	7,017	-	-	-	132,902
Contracted services	494,814	11,790	33,932	10,597	1,500	-	-	552,633
Rents and financial expenses	34,680	-	-	-	-	-	-	34,680
Travel and training	71,135	1,048	-	1,521	-	-	21,207	94,911
Program transfers	(67,000)	-	-	-	-	-	67,000	-
Amortization	8,862	-	9,825	-	-	47,040	-	65,727
	802,213	103,979	92,872	88,423	18,002	47,040	88,207	1,240,736
Excess (deficiency) of revenue over expenses	\$ 2,850,542	\$ -	\$ (12,219)	\$ -	\$ 6,722	\$ 56,196	\$ 288,612	\$ 3,189,853

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

Chapleau Ojibwe First Nation

Schedule 2 - Consolidated Segment Disclosure

For the year ended March 31, 2014 (comparative figures)

	Band Support	Health Services	Infrastructure	Education	Economic Development	Capital	Restricted Reserve	Consolidated Total
Revenue								
Aboriginal Affairs	\$ 95,848	\$ -	\$ 78,024	\$ 52,165	\$ 15,000	\$ 103,584	\$ -	\$ 344,621
OFNLP	-	-	-	-	-	-	365,318	365,318
Wabun Tribal Council	76,000	87,905	-	-	-	-	-	163,905
Interest, rents and other	165,811	10,777	12,900	-	-	-	2,472	191,960
	<u>337,659</u>	<u>98,682</u>	<u>90,924</u>	<u>52,165</u>	<u>15,000</u>	<u>103,584</u>	<u>367,790</u>	<u>1,065,804</u>
Deferred revenue, end of year	-	-	-	(35,822)	(9,724)	-	-	(45,546)
	<u>337,659</u>	<u>98,682</u>	<u>90,924</u>	<u>16,343</u>	<u>5,276</u>	<u>103,584</u>	<u>367,790</u>	<u>1,020,258</u>
Expenses								
Salaries, wages and benefits	147,576	42,863	46,429	6,038	3,776	-	-	246,682
Materials and supplies	37,429	7,948	2,979	5,090	-	725	-	54,171
Contracted services	47,962	9,865	37,578	5,215	1,500	9,201	-	111,321
Rents and financial expenses	63,993	-	-	-	-	-	-	63,993
Travel and training	49,237	1,784	-	-	-	-	-	51,021
Amortization	9,959	170	10,569	-	-	48,515	-	69,213
	<u>356,156</u>	<u>62,630</u>	<u>97,555</u>	<u>16,343</u>	<u>5,276</u>	<u>58,441</u>	<u>-</u>	<u>596,401</u>
Excess (deficiency) of revenue over expenses	\$ (18,497)	\$ 36,052	\$ (6,631)	\$ -	\$ -	\$ 45,143	\$ 367,790	\$ 423,857

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