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Sudbury, ON P3A 2T4

Attention: Christine Lapensee, Senior Funding Services Officer

May 8, 2024

Re: Chapleau Ojibwe First Nation

We enclose herewith for your information and retention, copies of the following documents to be published on the internet:

1. Consolidated Financial statements for the year ended March 31, 2023.
2. Schedule of Remuneration and Expenses for Chief and Councillors along with an accompanying Review Engagement Report for the year ended March 31, 2023.

Should you have any questions concerning the foregoing, please contact the writer or Kathleen Hodgson of this office.

Yours sincerely

BDO Canada LLP
Chartered Professional Accountants, Licensed Public Accountants

Jennifer Archambault, CPA, CA
Partner through a corporation
/sb

Sent via email - christine.lapensee@sac-isc.gc.ca

**Chapleau Ojibwe First Nation
Consolidated Financial Statements
For the year ended March 31, 2023**

**Chapleau Ojibwe First Nation
Consolidated Financial Statements
For the year ended March 31, 2023**

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Chapleau Ojibwe First Nation Management's Responsibility for Financial Reporting

March 31, 2023

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.

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Chief Anita Stephens

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Chief

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Councillor

Independent Auditor's Report

To the Members of Chapleau Ojibwe First Nation

Qualified Opinion

We have audited the consolidated financial statements of Chapleau Ojibwe First Nation (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2023, the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, 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 the consolidated results of its operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The First Nation has not consolidated the financial statements of the Chapleau Ojibwe First Nation Treaty Land Entitlement Trust that was created in the 2017 year, this constitutes a departure from Canadian public sector accounting standards. Under Canadian public sector accounting standards the Trust should have been consolidated as it is controlled by the First Nation. The effects on the consolidated financial statements of the failure to consolidate have not been determined. Our audit opinion on the consolidated financial statements for the year ended March 31, 2021 was modified because of the effects of this departure from Canadian public sector accounting standards.

In addition, effective April 1, 2022, the First Nation was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of April 1, 2022. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management has not completed its assessment of the tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended March 31, 2023 and 2022, tangible capital assets and the asset retirement obligation as at March 31, 2023 and 2022, and accumulated surplus as at April 1 and March 31 for both the 2023 and 2022 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report (continued)

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
May 8, 2024

Chapleau Ojibwe First Nation

Consolidated Statement of Financial Position

| March 31 | 2023 | 2022 |
|--|-----------------------------|-----------------------------|
| Financial assets | | |
| Cash | \$ 18,277,499 | \$ 12,397,615 |
| Accounts receivable (Note 2) | 1,617,550 | 1,301,355 |
| Funds held in trust with Government of Canada (Note 4) | <u>120,273</u> | <u>117,316</u> |
| | <u>20,015,322</u> | <u>13,816,286</u> |
| Liabilities | | |
| Demand loans (Note 6) | 61,484 | 122,945 |
| Accounts payable and accrued liabilities | 111,044 | 285,326 |
| Deferred revenue (Note 5) | 1,301,043 | 1,538,895 |
| Long term debt (Note 7) | <u>161,444</u> | <u>168,515</u> |
| | <u>1,635,015</u> | <u>2,115,681</u> |
| Net financial assets | <u>18,380,307</u> | <u>11,700,605</u> |
| Non-financial assets | | |
| Tangible capital assets (Schedule 1) | 3,292,152 | 3,313,914 |
| Prepaid expenses and inventory of supplies | <u>19,453</u> | <u>8,367</u> |
| | <u>3,311,605</u> | <u>3,322,281</u> |
| Accumulated surplus, end of year (Note 9) | <u>\$ 21,691,912</u> | <u>\$ 15,022,886</u> |

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Chief

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Councillor

Chapleau Ojibwe First Nation Consolidated Statement of Operations

| For the year ended March 31 | 2023 | 2022 |
|---|-----------------------------|-----------------------------|
| Revenue | | |
| Indigenous Service Canada | \$ 793,031 | \$ 1,153,559 |
| Ontario First Nations Limited Partnership | 395,841 | 278,344 |
| Wabun Tribal Council | 299,630 | 353,611 |
| Nishnawbe-Aski Nation | 97,672 | 118,403 |
| Province of Ontario | - | 62,600 |
| COFN TLE trust distributions | 564,689 | 1,072,504 |
| Resources | 6,830,802 | 2,736,154 |
| Interest and other | 72,897 | 19,406 |
| Amounts earned in Trust Funds (Note 4) | <u>2,957</u> | <u>1,825</u> |
| | <u>9,057,519</u> | <u>5,796,406</u> |
| Expenses | | |
| Band administration | 1,531,626 | 2,179,289 |
| Health services | 440,570 | 408,951 |
| Infrastructure | 198,803 | 197,639 |
| Economic development and training | 85,514 | 82,828 |
| Community projects | (13,846) | 266,791 |
| Restricted reserves | <u>145,826</u> | <u>117,154</u> |
| | <u>2,388,493</u> | <u>3,252,652</u> |
| Annual surplus | <u>6,669,026</u> | <u>2,543,754</u> |
| Accumulated surplus, beginning of year | <u>15,022,886</u> | <u>12,479,132</u> |
| Accumulated surplus, end of year | <u>\$ 21,691,912</u> | <u>\$ 15,022,886</u> |

Chapleau Ojibwe First Nation
Consolidated Statement of Change in Net Financial Assets

| For the year ended March 31 | 2023 | 2022 |
|--|-----------------------------|---------------|
| Annual surplus | \$ 6,669,026 | \$ 2,543,754 |
| Acquisition of tangible capital assets | (214,734) | (357,200) |
| Amortization of tangible capital assets | 236,496 | 211,598 |
| Prepaid expenses and inventory of supplies | <u>(11,086)</u> | - |
| Net change in net financial assets | 6,679,702 | 2,398,152 |
| Net financial assets, beginning of year | <u>11,700,605</u> | 9,302,453 |
| Net financial assets, end of year | <u>\$ 18,380,307</u> | \$ 11,700,605 |

Chapleau Ojibwe First Nation
Consolidated Statement of Cash Flows

| For the year ended March 31 | 2023 | 2022 |
|---|----------------------|----------------------|
| Cash flows from operating activities | | |
| Annual surplus | \$ 6,669,026 | \$ 2,543,754 |
| Item not involving cash | | |
| Amortization | <u>236,496</u> | 211,598 |
| | 6,905,522 | 2,755,352 |
| Changes in non-cash operating balances | | |
| Accounts receivable | (316,195) | (65,472) |
| Prepaid expense and inventory of supplies | (11,086) | - |
| Deferred revenue | (237,852) | 671,046 |
| Funds held in trust with Government of Canada | (2,957) | (1,825) |
| Accounts payable | <u>(174,282)</u> | 181,492 |
| | 6,163,150 | 3,540,593 |
| Capital transactions | | |
| Acquisition of tangible capital assets | <u>(214,734)</u> | (357,200) |
| Financing activities | | |
| Principal payments on long term debt | (7,071) | (9,305) |
| Decrease in demand loans | <u>(61,461)</u> | (60,071) |
| | (68,532) | (69,376) |
| Increase in cash and equivalents | 5,879,884 | 3,114,017 |
| Cash and cash equivalents, beginning of year | 12,397,615 | 9,283,598 |
| Cash and cash equivalents, end of year | \$ 18,277,499 | \$ 12,397,615 |

Chapleau Ojibwe First Nation

Notes to Consolidated Financial Statements

March 31, 2023

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 due to 100% ownership 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.

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 treatment plant | 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 |

Use of Estimates The preparation of financial statements in conformity with Canadian public sector accounting standards 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.

Chapleau Ojibwe First Nation

Notes to Consolidated Financial Statements

March 31, 2023

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> |
| Financial instruments | <p>Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, long-term debt and equity instruments not quoted in an active market are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.</p> <p>Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.</p> <p>When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.</p> <p>For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.</p> <p>All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.</p> <p>Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.</p> |

Chapleau Ojibwe First Nation Notes to Consolidated Financial Statements

March 31, 2023

2. Accounts receivable

| | 2023 | 2022 |
|---------------------------------------|---------------------|---------------------|
| Indigenous Service Canada | \$ 513,119 | \$ 756,437 |
| Province of Ontario | - | 62,600 |
| Wabun Tribal Council | 169,452 | 36,567 |
| Nishnawbe-Aski Nation | 114,386 | 155,136 |
| Goldcorp Borden Limited | 258,096 | 210,774 |
| Three Nations Drilling LP | 500,000 | - |
| Other | 73,259 | 90,603 |
| Less: allowance for doubtful accounts | <u>(10,762)</u> | <u>(10,762)</u> |
| | \$ 1,617,550 | \$ 1,301,355 |

3. Portfolio investments

The First Nation has a 10% investment in each of Amik-BBF HydroKap Limited Partnership and Amik-CTR HydroKap Limited Partnership, representing 20,000 units of each with a cost base of \$nil.

The First Nation has a 33% investment in 2454357 Ontario Inc. representing 100 shares of a total of 300 shares outstanding with a cost base of \$nil.

The First Nation has a 33% investment in Three Nations Drilling LP through their investment in 2454357 Ontario Inc., representing 200 shares of a total of 601 shares outstanding with a cost base of \$200.

4. Trust Funds held by Federal Government

| | March 31, 2022 | Additions 2023 | Withdrawals | | March 31, 2023 |
|---------|-------------------|-------------------|-------------|-------------------|-----------------------|
| | | | 2023 | March 31, 2023 | |
| Revenue | \$ 81,353 | \$ 2,957 | \$ - | \$ 84,310 | |
| Capital | <u>35,963</u> | <u>-</u> | <u>-</u> | <u>35,963</u> | |
| | \$ 117,316 | \$ 2,957 | \$ - | \$ 120,273 | |

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.

Chapleau Ojibwe First Nation

Notes to Consolidated Financial Statements

March 31, 2023

5. Deferred revenue

| | Balance March 31, 2022 | Funding Received 2023 | Revenue Recognized 2023 | Balance March 31, 2023 |
|----------------------------|---------------------------|-----------------------------|-------------------------------|---------------------------|
| Indigenous Services Canada | \$ 923,059 | \$ 1,171,016 | \$ 793,032 | \$ 1,301,043 |
| Province of Ontario | 615,836 | 2,155,130 | 2,770,966 | - |
| | <u>\$ 1,538,895</u> | <u>\$ 3,326,146</u> | <u>\$ 3,563,998</u> | <u>\$ 1,301,043</u> |

Deferred revenue is broken down by program as follows:

| | 2023 | 2022 |
|-----------------------------------|---------------------|---------------------|
| Management Government Capacity | \$ 637,878 | \$ 489,801 |
| Choose Life | 14,865 | - |
| Capacity Innovation | 18,040 | 18,040 |
| Aboriginal Headstart | 313,107 | 200,271 |
| Resources - Community Development | - | 615,836 |
| Band Representation | 115,652 | 47,604 |
| Economic Development | - | 57,977 |
| Water Systems | <u>201,501</u> | <u>109,366</u> |
| | <u>\$ 1,301,043</u> | <u>\$ 1,538,895</u> |

6. Demand loans

The First Nation has four demand loans for vehicles, with total biweekly repayments of \$2,378. Two loans are interest-free and the other two loans have interest rates ranging from 1.49% to 3.79% and they are secured by the vehicles (NBV - \$50,065). Assuming the demand features of the loans are not exercised the principal payments required to be made in the 2024, and 2025 years are \$40,309, and \$21,175 respectively.

Chapleau Ojibwe First Nation
Notes to Consolidated Financial Statements

March 31, 2023

7. Long term debt

| | 2023 | 2022 |
|--|----------------|-------------------|
| RBC Mortgage at prime + 2.11%, due in monthly installments of \$1,532 including interest, secured by land and building with a net book value of \$190,781, matures December 2023 | \$ 161,444 | \$ 168,515 |
| Less current portion | <u>161,444</u> | 9,738 |
| | <u>\$ -</u> | <u>\$ 158,777</u> |

8. Funding reconciliation

| | | |
|--|---------------------|--|
| Indigenous Service Canada revenue per the financial statements | \$ 793,031 | |
| Less: Deferred revenue, beginning of year | (923,059) | |
| Add: Deferred revenue, end of year | <u>1,301,043</u> | |
| | <u>\$ 1,171,015</u> | |
| Indigenous Service Canada revenue per funding confirmation | <u>\$ 1,171,015</u> | |

9. Accumulated surplus

| | 2023 | 2022 |
|--|----------------------|----------------------|
| Reserves set aside for specific purposes by the First Nation | | |
| Education | \$ 817 | \$ 817 |
| Capital projects | 476,702 | 476,702 |
| OFNLP | 814,692 | 564,678 |
| Resource revenue sharing | 1,992,450 | - |
| TLE | 4,169,105 | 4,169,105 |
| TLE revenue | <u>2,581,194</u> | <u>2,016,505</u> |
| Reserves | 10,034,960 | 7,227,807 |
| Equity in tangible capital assets | 3,069,221 | 3,022,450 |
| Members' surplus | 8,467,458 | 4,655,313 |
| Funds held in trust by Federal Government | <u>120,273</u> | <u>117,316</u> |
| | <u>\$ 21,691,912</u> | <u>\$ 15,022,886</u> |
| Allocation of annual surplus: | | |
| Reserves | \$ 2,807,153 | \$ 599,087 |
| Equity in tangible capital assets | 46,771 | 214,978 |
| Members' surplus | 3,812,145 | 1,727,864 |
| Funds held in trust | <u>2,957</u> | <u>1,825</u> |
| | <u>\$ 6,669,026</u> | <u>\$ 2,543,754</u> |

Chapleau Ojibwe First Nation

Notes to Consolidated Financial Statements

March 31, 2023

10. Commitments

The First Nation has various automotive leases at an approximate annual rental over the next three years of :

| | | |
|------|----|--------|
| 2024 | \$ | 29,773 |
| 2025 | \$ | 29,773 |
| 2026 | \$ | 23,805 |

11. 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 department.

Departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Band Support / Administration

The Band 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.

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.

Chapleau Ojibwe First Nation Notes to Consolidated Financial Statements

March 31, 2023

11. Segmented information (continued)

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 Indigenous and Northern Affairs 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).

12. Budget

The First Nation has not prepared a budget for the March 31, 2023 year-end, accordingly no budget figures have been presented for comparison purposes on the consolidated statements of operations and change in net financial assets.

13. Financial instruments

The First Nation is exposed to credit risk, liquidity risk, interest rate risk and other price risk from its financial instruments. This note describes the First Nation's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The First Nation is exposed to credit risk through its cash and accounts receivable.

The First Nation's maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable as presented on the statement of financial position. The First Nation holds its cash accounts with large reputable financial institutions, from which management believes the risk of loss due to credit risk to be remote.

The First Nation is exposed to credit risk in accounts receivable which includes government and other receivables. The First Nation measures its exposure to credit risk with respect to accounts receivable based on how long the amounts have been outstanding and management's analysis of accounts including managements on-going monitoring of outstanding accounts. In the opinion of management, the credit risk exposure in accounts receivable is considered to be moderate.

Chapleau Ojibwe First Nation Notes to Consolidated Financial Statements

March 31, 2023

13. Financial instruments (continued)

b) Liquidity risk

Liquidity risk is the risk that the company cannot repay its obligations when they become due to its creditors. The First Nation is exposed to this risk relating to its accounts payable and accrued liabilities, long term debt and due to funders.

The First Nation reduces its exposure to liquidity risk by monitoring cash and investing activities and expected outflow through extensive budgeting and maintaining enough cash or line of credit to repay trade creditors as payables become due. In the opinion of management, the liquidity risk exposure to the First Nation is low.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The First Nation is mainly exposed to interest rate risk.

i) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The First Nation is exposed to this risk through its RBC mortgage. See note 7 for information on this. The First Nation does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management, the interest rate risk exposure to the First Nation is low.

There have not been any changes from the prior year in the First Nation's exposure to all of the above risks or the policies, procedures and methods it uses to measure these risks.

Chapleau Ojibwe First Nation
Schedule 1 - Consolidated Tangible Capital Assets

For the year ended March 31, 2023

| | Land | Housing | Building | Water Treatment Plant | Roads | Furniture & Fixtures | Computer Hardware | Vehicles | Machinery & Equipment | Total |
|---|------------------|---------------------|-------------------|-----------------------|---------------|----------------------|-------------------|------------------|-----------------------|---------------------|
| Cost , beginning of year | \$ 99,816 | \$ 2,535,279 | \$ 1,228,671 | \$ 940,988 | \$ 23,131 | \$ 36,785 | \$ 26,536 | \$ 510,987 | \$ 127,870 | \$ 5,530,063 |
| Additions | - | 64,526 | - | - | - | - | - | - | 150,208 | 214,734 |
| Cost , end of year | 99,816 | 2,599,805 | 1,228,671 | 940,988 | 23,131 | 36,785 | 26,536 | 510,987 | 278,078 | 5,744,797 |
| Accumulated amortization , beginning of year | - | 651,731 | 558,664 | 495,366 | 23,131 | 36,785 | 26,536 | 330,913 | 93,023 | 2,216,149 |
| Amortization | - | 61,167 | 30,717 | 25,584 | - | - | - | 80,776 | 38,252 | 236,496 |
| Accumulated amortization , end of year | - | 712,898 | 589,381 | 520,950 | 23,131 | 36,785 | 26,536 | 411,689 | 131,275 | 2,452,645 |
| Net carrying amount , end of year | \$ 99,816 | \$ 1,886,907 | \$ 639,290 | \$ 420,038 | \$ - | \$ - | \$ - | \$ 99,298 | \$ 146,803 | \$ 3,292,152 |

The net book value of tangible capital assets not being amortized because they are under construction/development or have been removed from service is \$NIL (2022 - \$NIL).

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

For the year ended March 31, 2022 (comparative figures)

| | Land | Housing | Building | Water Treatment Plant | Roads | Furniture & Fixtures | Computer Hardware | Vehicles | Machinery & Equipment | Total |
|---|-----------|--------------|--------------|-----------------------|-----------|----------------------|-------------------|------------|-----------------------|--------------|
| Cost, beginning of year | \$ 99,816 | \$ 2,178,079 | \$ 1,228,671 | \$ 940,988 | \$ 23,131 | \$ 36,785 | \$ 26,536 | \$ 510,987 | \$ 127,870 | \$ 5,172,863 |
| Additions | - | 357,200 | - | - | - | - | - | - | - | 357,200 |
| Cost, end of year | 99,816 | 2,535,279 | 1,228,671 | 940,988 | 23,131 | 36,785 | 26,536 | 510,987 | 127,870 | 5,530,063 |
| Accumulated amortization, beginning of year | - | 606,538 | 521,849 | 469,783 | 23,131 | 36,785 | 26,536 | 250,137 | 69,792 | 2,004,551 |
| Amortization | - | 45,193 | 36,815 | 25,583 | - | - | - | 80,776 | 23,231 | 211,598 |
| Accumulated amortization, end of year | - | 651,731 | 558,664 | 495,366 | 23,131 | 36,785 | 26,536 | 330,913 | 93,023 | 2,216,149 |
| Net carrying amount, end of year | \$ 99,816 | \$ 1,883,548 | \$ 670,007 | \$ 445,622 | \$ - | \$ - | \$ - | \$ 180,074 | \$ 34,847 | \$ 3,313,914 |

Chapleau Ojibwe First Nation
Schedule 2 - Consolidated Segment Disclosure

For the year ended March 31, 2023

| | Band Support | Health Services | Infrastructure | Education | Economic Development | Capital | Restricted Reserve | Consolidated Total |
|---------------------------------|---------------------|-------------------|--------------------|-------------|----------------------|-------------------|--------------------|---------------------|
| Revenue | | | | | | | | |
| Indigenous Service Canada | \$ 210,686 | \$ 239,506 | \$ 158,208 | \$ - | \$ 85,514 | \$ 99,117 | \$ - | \$ 793,031 |
| OFNLP | - | - | - | - | - | - | 395,841 | 395,841 |
| Wabun Tribal Council | 176,074 | 123,556 | - | - | - | - | - | 299,630 |
| Interest, rentals and other | 7,493,388 | 72,672 | - | - | - | - | 2,957 | 7,569,017 |
| | 7,880,148 | 435,734 | 158,208 | - | 85,514 | 99,117 | 398,798 | 9,057,519 |
| Expenses | | | | | | | | |
| Salaries, wages and benefits | 478,954 | 262,785 | 3,000 | - | 3,094 | 1,500 | 2,000 | 751,333 |
| Materials and supplies | 434,686 | 44,498 | 25,337 | - | - | 31,376 | 68,981 | 604,878 |
| Contracted services | 332,747 | 79,630 | 189,234 | - | 82,420 | (149,934) | 8,008 | 542,105 |
| Rents and financial expenses | 16,201 | - | - | - | - | - | - | 16,201 |
| Travel and training | 122,805 | 44,618 | 1,780 | - | - | 1,441 | 66,837 | 237,481 |
| Program transfers | 60,680 | - | (60,680) | - | - | - | - | - |
| Amortization | 85,553 | 9,039 | 40,132 | - | - | 101,771 | - | 236,495 |
| | 1,531,626 | 440,570 | 198,803 | - | 85,514 | (13,846) | 145,826 | 2,388,493 |
| Annual surplus (deficit) | \$ 6,348,522 | \$ (4,836) | \$ (40,595) | \$ - | \$ - | \$ 112,963 | \$ 252,972 | \$ 6,669,026 |

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

Chapleau Ojibwe First Nation
Schedule 2 - Consolidated Segment Disclosure (continued)

For the year ended March 31, 2022 (comparative figures)

| | Band Support | Health Services | Infrastructure | Education | Economic Development | Capital | Restricted Reserve | Consolidated Total |
|---------------------------------|---------------------|--------------------|--------------------|-------------|----------------------|-------------------|---------------------|--------------------|
| Revenue | | | | | | | | |
| Indigenous Service Canada | \$ 216,831 | \$ 181,019 | \$ 157,507 | \$ - | \$ 82,828 | \$ 515,374 | \$ - | \$ 1,153,559 |
| OFNLP | - | - | - | - | - | - | 278,344 | 278,344 |
| Wabun Tribal Council | 227,312 | 126,299 | - | - | - | - | - | 353,611 |
| Interest, rents and other | 3,937,816 | 71,251 | - | - | - | - | 1,825 | 4,010,892 |
| | 4,381,959 | 378,569 | 157,507 | - | 82,828 | 515,374 | 280,169 | 5,796,406 |
| Expenses | | | | | | | | |
| Salaries, wages and benefits | 542,839 | 171,000 | - | - | 58,324 | - | 2,490 | 774,653 |
| Materials and supplies | 975,339 | 138,415 | 28,528 | - | 1,000 | 4,931 | 89,261 | 1,237,474 |
| Contracted services | 505,855 | 69,975 | 125,978 | - | 20,516 | 184,986 | 9,597 | 916,907 |
| Rents and financial expenses | 13,556 | - | - | - | - | - | - | 13,556 |
| Travel and training | 56,147 | 20,522 | 3,001 | - | 2,988 | - | 15,806 | 98,464 |
| Amortization | 85,553 | 9,039 | 40,132 | - | - | 76,874 | - | 211,598 |
| | 2,179,289 | 408,951 | 197,639 | - | 82,828 | 266,791 | 117,154 | 3,252,652 |
| Annual surplus (deficit) | \$ 2,202,670 | \$ (30,382) | \$ (40,132) | \$ - | \$ 248,583 | \$ 163,015 | \$ 2,543,754 | |

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

Chapleau Ojibwe First Nation
Schedule of Remuneration and Expenses - Chief and Councillors
For the year ended March 31, 2023



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Independent Practitioner's Review Engagement Report

To the Members of Chapleau Ojibwe First Nation

We have reviewed the accompanying Schedule of Remuneration and Expenses - Chief and Councillors of Chapleau Ojibwe First Nation for the year ended March 31, 2023, and a summary of significant accounting policies and other explanatory information (together, the "Schedule"). The Schedule has been prepared by management, pursuant to the requirements of the Indigenous Services Canada 2019-20 Year-end Reporting Handbook.

Management's Responsibility for the Schedule

Management of Chapleau Ojibwe First Nation is responsible for the preparation of the Schedule in accordance with the financial reporting provisions in the Indigenous Services Canada 2019-20 Year-end Reporting Handbook, and for such internal control as management determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the Schedule based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which required us to comply with relevant ethical requirements.

A review of the Schedule in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on this Schedule.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Schedule is not prepared, in all material respects, in accordance with the financial reporting provisions in the Indigenous Services Canada 2019-20 Year-end Reporting Handbook.

Basis of Accounting

Without modifying our conclusion, we draw attention to Note 1 to the Schedule, which describes the basis of accounting. The Schedule is prepared to assist Chapleau Ojibwe First Nation to meet the requirements of subsection 6(1) of the First Nations Financial Transparency Act. As a result, the Schedule may not be suitable for another purpose.

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario
May 8, 2024

Chapleau Ojibwe First Nation
Schedule of Remuneration and Expenses (Chief and Councillors)
(Unaudited)

For the year ended March 31, 2023

| Name of Individual | Position/Title | Number of Months | Remuneration (Note 1) | Expenses (Note 1) |
|--------------------|----------------|------------------|--------------------------|----------------------|
| Anita Stephens | Chief | 12 | \$ 152,250 | \$ 45,096 |
| Joshua Memegos | Councillor | 12 | 132,000 | 69,812 |
| Josephine Wesley | Councillor | 12 | 122,000 | 69,130 |

Chapleau Ojibwe First Nation
Schedule of Remuneration and Expenses (Chief and Councillors)
Note to Schedule
(Unaudited)

For the year ended March 31, 2023

1. Definition of Remuneration and Expenses

Chapleau Ojibwe First Nation follows the accrual basis of accounting using the principles of Canadian Public Sector Accounting Standards for the reporting. Remuneration is defined in the First Nation Financial Transparency Act as any salaries, wages, commissions, bonuses, fees, honoraria, and dividends and other monetary benefits - other than the reimbursement of expense - and non-monetary benefits.

Expenses as defined in the First Nation Financial Transparency Act include the costs of transportation, accommodation, meals, hospitality and incidental expenses. The remuneration and expenses presented above include remuneration paid and expenses reimbursed to the First Nation's chief and each of its councillors acting in their capacity as such and in any other capacity, including their personal capacity, by the First Nation and by any entity controlled by the First Nation.