

Consolidated Financial Statements of

NIPISSING FIRST NATION

Year ended March 31, 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

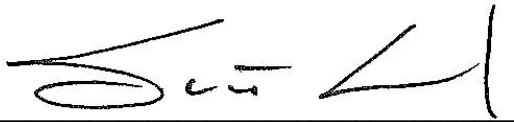
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management 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.

Nipissing First Nation 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 Nipissing First Nation's assets are appropriately accounted for and adequately safeguarded.

Nipissing First Nation 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 Chief and Council reviewed Nipissing First Nation's consolidated financial statements and recommend their approval. The Chief and Council meet 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 consolidated financial statements and the external auditor's report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to Members. The Chief and Council also consider 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.



Chief



Chief Executive Officer



KPMG LLP
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North Bay ON P1B 8K3
Canada
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INDEPENDENT AUDITORS' REPORT

To the Members of Nipissing First Nation

We have audited the accompanying consolidated financial statements of Nipissing First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Nipissing First Nation as at March 31, 2017, and its consolidated results of operations and changes in its consolidated net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

July 25, 2017
North Bay, Canada

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Year ended March 31, 2017

Consolidated Financial Statements

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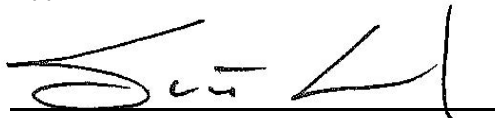
Exhibit A - Consolidated Statement of Financial Position

March 31, 2017, with comparative information for 2016

	2017	2016
Financial assets		
Cash and cash equivalents	\$ 6,615,472	\$ 7,639,682
Short-term investments (note 3)	3,614,434	3,078,527
Accounts and grants receivable (note 4)	2,634,189	4,053,660
Housing mortgages and other long-term receivables (note 5)	6,244,092	4,687,304
Restricted assets - Nipissing 2013 Boundary Claim Trust (note 6)	85,008,641	87,787,921
Funds held in trust by the Government of Canada (note 7)	290,779	290,779
	<u>104,407,607</u>	<u>107,537,873</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 8)	3,281,301	5,031,709
Prepaid leases	128,317	150,101
Deferred program revenue (note 9)	3,355,173	3,281,271
Long-term debt (note 10)	5,819,447	6,074,411
	<u>12,584,238</u>	<u>14,537,492</u>
Net financial assets	91,823,369	93,000,381
Non-financial assets		
Tangible capital assets (note 11)	39,815,147	37,125,855
Prepaid expenses	227,042	62,842
	<u>40,042,189</u>	<u>37,188,697</u>
Commitments and contingent liabilities (notes 12)		
Accumulated surplus (note 13)	\$ 131,865,558	\$ 130,189,078

See accompanying notes to consolidated financial statements.

Approved:



Chief



Chief Executive Officer

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Exhibit B - Consolidated Statement of Operations

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Indigenous and Northern Affairs Canada (note 14)	\$ 8,171,199	\$ 9,759,777
Other	5,198,426	5,414,191
Health Canada	1,575,526	1,469,959
Ministry of Community and Social Services	1,653,225	1,690,704
Ontario First Nations Limited Partnership	1,288,430	1,139,394
Ministry of Education	571,145	415,072
Other Provincial	1,330,266	1,004,596
Union of Ontario Indians (note 15)	807,161	552,277
Canada Mortgage and Housing Corporation	336,600	316,003
	<u>20,931,978</u>	<u>21,761,973</u>
Expenses:		
Education	6,257,308	6,120,556
Other	3,261,775	3,139,679
Community Operations	3,931,683	3,889,897
Health Services	2,717,371	2,590,800
Social Services	2,530,216	2,426,758
Capital	1,330,986	1,544,851
First Nation Enterprises	804,446	772,986
Housing	433,503	673,370
	<u>21,267,288</u>	<u>21,158,897</u>
Annual surplus (deficit) from operations before the undernoted	(335,310)	603,076
Gain on sale of tangible capital assets	-	14,522
Vacation (expense) recovery	(29,364)	36,274
	<u>(364,674)</u>	<u>653,872</u>
The Nipissing 2013 Boundary Claim Trust:		
Investment income	3,822,943	5,477,165
Per capita distributions	(873,236)	(594,699)
Nipissing First Nation expenditures	(305,896)	-
Other expenses	(602,657)	(562,935)
	<u>2,041,154</u>	<u>4,319,531</u>
Annual surplus	1,676,480	4,973,403
Accumulated surplus, beginning of year	130,189,078	125,215,675
Accumulated surplus, end of year	<u>\$ 131,865,558</u>	<u>\$ 130,189,078</u>

See accompanying notes to consolidated financial statements.

NIPISSING FIRST NATION

Exhibit C - Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Annual surplus	\$ 1,676,480	4,973,403
Acquisition of tangible capital assets	(4,491,708)	(2,357,951)
Amortization of tangible capital assets	1,788,159	1,627,960
Loss (gain) on sale of tangible capital assets	-	(14,522)
Proceeds on sale of tangible capital assets	14,257	69,967
	(1,012,812)	4,298,857
Change in prepaid expenses	(164,200)	36,759
Change in net financial assets (debt)	(1,177,012)	4,335,616
Net financial assets, beginning of year	93,000,381	88,664,765
Net financial assets, end of year	\$ 91,823,369	\$ 93,000,381

See accompanying notes to consolidated financial statements.

NIPISSING FIRST NATION

Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Operating activities:		
Annual surplus	\$ 1,676,480	\$ 4,973,403
Adjustments for non-cash items:		
Amortization of tangible capital assets	1,788,159	1,627,930
Gain on sale of tangible capital assets	-	(14,522)
	<u>3,464,639</u>	<u>6,586,811</u>
Changes in non-cash working capital:		
Increase in accounts and grants receivable	1,419,471	(2,076,002)
Increase (decrease) in accounts payable and accrued liabilities	(1,750,408)	2,305,389
Decrease in prepaid leases	(21,784)	(9,085)
Increase in deferred program revenue	73,902	150,308
Decrease (increase) in prepaid expenses	(164,200)	36,759
	<u>3,021,620</u>	<u>6,994,180</u>
Capital activities:		
Acquisition of tangible capital assets	(4,491,708)	(2,357,951)
Proceeds on sale of tangible capital assets	14,257	69,967
	<u>(4,477,451)</u>	<u>(2,287,984)</u>
Financing activities:		
Principal payments on long-term debt	(254,964)	(192,253)
Proceeds on issuance of long-term debt	-	7,315
	<u>(254,964)</u>	<u>(184,938)</u>
Investing activities:		
Decrease (increase) in restricted investments	2,779,280	(1,963,057)
Housing mortgages and other long-term receivables	(1,556,788)	(64,482)
Decrease in short-term investments	(535,907)	(48,829)
	<u>686,585</u>	<u>(2,076,368)</u>
Increase (decrease) in cash	(1,024,210)	2,444,890
Cash and cash equivalents, beginning of year	7,639,682	5,194,792
Cash and cash equivalents, end of year	<u>\$ 6,615,472</u>	<u>\$ 7,639,682</u>

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

Nipissing First Nation ("First Nation") operates under the Indian Act. The principal function of the First Nation is to provide for the well-being of all band members, as provided for in the Indian Act.

1. Basis of presentation and significant accounting policies:

These consolidated financial statements include the assets, liabilities, revenues and expenses of the First Nation subject to control by the First Nation Council. No inclusion has been made of assets, liabilities, revenues or expenses of First Nation members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of the First Nation Council.

The consolidated financial statements 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 Canada. The following is a summary of the significant accounting policies followed in the preparation of these consolidated financial statements.

(a) Reporting entity and principles of financial reporting:

Nipissing First Nation's reporting entity includes the First Nation government and all related entities which are accountable to and either owned or controlled by the First Nation.

The consolidated financial statements include the assets, liabilities and results of operations for the following entities:

- First Nation government administration (operations and maintenance, capital and enhancement funds)
- Nipissing Band of Ojibways - Land Claims Settlement Trust
- 1073059 Ontario Inc.
- N'Bisiing Forestry Inc.
- Nipissing 2013 Boundary Claim Trust
- NFN Solar LP
- Nipissing Solar (SPN) LP

All inter-entity balances and transfers have been eliminated on consolidation.

(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) Government transfers and other revenue recognition:

Transfers are recognized in the financial statements as revenues in the period in which events give rise to the transfer, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

Revenue from fees, contracts and sales of publications is recognized when the services are provided or the goods are sold.

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

1. Basis of presentation and significant accounting policies (continued):

(d) Deferred revenue:

Deferred revenue consists of restricted funding from Indigenous and Northern Affairs Canada and other agencies for projects not completed as of the end of the year. These amounts will be recognized as revenues in the fiscal year the services are performed. Unspent contribution funding is recognized as a liability.

(e) Employee future benefits:

The First Nation has a defined contribution plan providing pension for its employees. The cost of the defined contribution plan is recognized based on the contributions required to be made during each period.

(f) Investments:

Investments in marketable securities are recorded at cost. Bonds are recorded at cost. A loss in the value of an investment in a marketable security other than a temporary decline shall be written down and recorded as a loss in the consolidated statement of operations. Any subsequent increases to the value of the investment are not recorded.

(g) Housing mortgages and other long-term receivables:

Housing mortgages and other long-term receivables are recorded at cost upon initial recognition. Interest revenue is recognized in the period earned unless the collectability of either principal or interest is not reasonably assured. Management assesses the collectability of individual loans and mortgages receivable based on available information, including recent collection experience, recent financial performance of the borrower, security held for the loan, and economic conditions in the region and industry.

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

1. Basis of presentation and significant accounting policies (continued):

(h) 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, are amortized on a straight line basis over their estimated useful lives as follows:

	Useful Life (Years)
Buildings	20 - 50
Machinery and equipment	6 - 15
Furniture and equipment	3 - 20
Computer equipment/software	1 - 10
Vehicles	3 - 15
Vehicles under capital lease	7
Roads, bridges and culverts	20 - 80
Water and waste water systems	10 - 50
Land improvements	15 - 25
Streetlights and signs	8 - 20
Books and resource materials	10 - 20

No amortization is taken on assets under construction until they are placed in use.

(i) 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.

(j) Cash and cash equivalents:

Cash and cash equivalents include short-term investments with a term to maturity of 90 days or less at acquisition.

(k) Use of estimates:

The preparation of the 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 and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets, allowance for doubtful accounts receivable, housing mortgages and other long-term receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the consolidated statement of operations in the year in which they become known.

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

2. Consolidated entities:

Summarized financial information for the incorporated entities is as follows:

	NFN Solar LP	Boundary Claim Trust	1073059 Ontario Inc.	N'Bisiing Forestry Inc.	Land Claims Settlement Trust	Total 2017	Total 2016
Financial position							
Current asset	\$ 256,837	1,543,000	12,833	5,037	604,719	\$ 2,422,426	\$ 2,700,471
Long-term assets	-	85,008,641	585,335	-	-	85,593,976	81,476,583
Capital assets	483,145	-	2,149,185	-	-	2,632,330	2,844,281
Total assets	739,982	86,551,641	2,747,353	5,037	604,719	90,648,732	87,021,335
Current liabilities	875,535	3,196,803	1,502,963	803,373	121,612	6,500,286	4,099,612
Total liabilities	875,535	3,196,803	1,502,963	803,373	121,612	6,500,286	4,099,612
Net assets							
(deficiency)	\$ (135,553)	83,354,838	1,244,390	(798,336)	483,107	\$ 84,148,446	\$ 82,921,723
Results of operations:							
Revenues	\$ 107,219	3,822,943	25,063	52,649	6,631	\$ 4,014,405	\$ 5,763,130
Expenses	247,606	1,475,893	25,063	9,084	13,314	1,770,960	1,439,691
Net income (loss)	\$ (140,387)	2,347,050	-	43,565	(6,683)	\$ 2,243,445	\$ 4,323,439

3. Short-term investments:

Short-term investments consist of the following:

	2017	2016
Term deposits	\$ 3,372,637	\$ 2,840,550
Bonds	241,797	237,977
	\$ 3,614,434	\$ 3,078,527

Term deposits consist of guaranteed investment certificates with maturities ranging from 2018 to 2019 and bear interest at rates ranging from 0.55 to 1.80%. Bonds consist of investments in various Province of Ontario bonds with maturities ranging from 2017 to 2025 and bear interest at rates ranging from 2.15% to 4.85%.

Under the terms of the agreement with the Ontario First Nations Limited Partnership \$2,882,991 (2016 - \$2,840,550) of short-term investments is restricted in use and is to be expended on community development, health, education, economic development and cultural development.

Under the terms of the agreement with the Bank of Montreal \$485,750 (2016 - \$485,750) of short-term investments was pledged as security for a loan as described in note 12.

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

4. Accounts and grants receivable:

	2017	2016
Indigenous and Northern Affairs Canada	\$ 20,865	\$ 1,589,009
Nipissing Parry-Sound Catholic District Separate School Board	686,240	407,293
Health Canada	-	194,825
Near North District School Board	890,267	860,230
Union of Ontario Indians	210,104	239,713
Canada Revenue Agency	74,393	70,827
Other	937,374	1,015,635
	2,819,243	4,377,532
Less: Allowance for doubtful accounts	(185,054)	(323,872)
	\$ 2,634,189	\$ 4,053,660

5. Housing mortgages and other long-term receivables:

Housing mortgages are repayable over a 15-25 year amortization period bearing interest at rates ranging from Nil% to 5%. Housing mortgages are secured by the buildings for which the mortgages were issued. The Fur Dresser building mortgage is repayable over a period of 15 years bearing interest at the bank's prime rate plus 1%.

	2017	2016
Housing mortgages	\$ 4,739,083	\$ 3,631,690
Fur Dresser building mortgage	585,335	666,668
Solar Power Network	883,775	385,750
First Nations Finance Authority debt reserve fund	120,294	118,561
	6,328,487	4,802,669
Provision for loan impairment – housing mortgages	(84,395)	(115,365)
	\$ 6,244,092	\$ 4,687,304

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

6. Restricted Assets – Nipissing 2013 Boundary Claim Trust

Restricted assets – Nipissing 2013 Boundary Claim Trust consist of the following:

	Cost - December 31, 2016	Market - December 31, 2016
Cash and cash equivalents	\$ 5,339,645	\$ 5,342,613
Investments:		
Bonds	37,117,702	37,212,877
Marketable securities	42,551,294	52,791,772
	79,668,996	90,004,649
	<u>\$ 85,008,641</u>	<u>\$ 95,347,262</u>

	Cost - December 31, 2015	Market - December 31, 2015
Cash and cash equivalents	\$ 6,978,006	\$ 6,709,366
Investments:		
Bonds	36,654,621	37,223,258
Marketable securities	44,155,294	52,627,626
	80,809,915	89,850,844
	<u>\$ 87,787,921</u>	<u>\$ 96,560,250</u>

Included in bonds are various Federal, Provincial and Corporate Bonds maturing from 2017 - 2029 with interest rates ranging from 0.75% - 6.80%.

Under the terms of the agreement with the Nipissing 2013 Boundary Claim Trust, the restricted assets are not available for the normal operating activities of the First Nation. They are to be expended on community development, investments in or loans to a Nipissing Business Entity, purchase of land and other trust administration costs upon approval of the Nipissing 2013 Boundary Claim Trust trustees.

The consolidation of the Nipissing 2013 Boundary Claim Trust was done for the period ended December 31, 2016, and there have been no significant changes as of March 31, 2017.

The cost and market value of investments at March 31, 2017 was \$84,689,222 and \$96,537,271 (2016 - \$84,291,812 and \$92,565,881 respectively).

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

7. Funds held in trust by the Government of Canada:

These funds are held in trust by the Government of Canada under the Indian Act.

	2017	2016
Balance, beginning of year	\$ 290,779	\$ 290,779
Interest income	5,366	6,160
Withdrawals	(5,366)	(6,160)
Balance, end of year	\$ 290,779	\$ 290,779

8. Accounts payable and accrued liabilities:

	2017	2016
Miscellaneous	\$ 1,067,028	\$ 923,586
Union Gas	-	1,338,852
Holdbacks payable	257,008	-
Educational institutions	493,412	1,116,224
Repayable funding	11,174	257,621
Personnel liabilities	557,264	539,638
Nipissing Band of Ojibways Land Settlement Trust - supplier accounts payable	121,612	118,412
1073059 Ontario Inc. supplier accounts payable	1,500	1,500
N'Bisiing Forestry Inc. supplier accounts payable	10,694	4,902
Boundary Claim Trust supplier accounts payable	761,609	730,974
	\$ 3,281,301	\$ 5,031,709

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

9. Deferred program revenue:

	2017	2016
Education Programs:		
SAPSCU	\$ 30,544	\$ 30,544
Capital Programs:		
Housing and Infrastructure	2,664,649	2,664,649
RRAP Grants	71,330	36,607
Health Services:		
Community Health Illness and Injury Prevention	43,098	35,816
Health Planning and Quality Management	342,734	357,713
Aboriginal Diabetes Initiative	5,837	7,372
Home and Community Care	67,754	63,506
Maternal Child Health	33,937	25,868
Building Healthy Communities	24,762	13,521
Operations and Maintenance	-	147
Other Programs:		
Ontario Women's Directorate	45,528	45,528
Ministry of Natural Resources	25,000	-
	<u>\$ 3,355,173</u>	<u>\$ 3,281,271</u>

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

10. Long-term debt:

	2017	2016
CMHC Phase 8 loan, construction loan with a term to be determined at the interest adjustment date	\$ 253,742	\$ 263,319
Cockburn Road Apartment Complex loan payable \$2,784 monthly including principal and interest at 2.69%, unsecured, maturing August, 2020	244,357	272,285
Duchesnay Apartment Complex loan, payable \$2,541 monthly including principal and interest at 2.26%, unsecured, maturing August, 2016	372,443	395,144
Margaret Drive Apartment Complex loan, payable \$4,438 monthly including principal and interest at 1.62%, unsecured, maturing March, 2018	392,169	438,170
CMHC Phase 5 loan, payable \$2,682 monthly including principal and interest at 2.56%, unsecured, maturing December, 2020	370,567	394,606
CMHC Phase 6 loan, payable \$2,852 monthly including principal and interest at 2.26%, unsecured, maturing August, 2016	536,397	559,450
CMHC Phase 9 loan, payable \$1,026 monthly including principal and interest at 0.98%, unsecured, maturing March, 2020	376,716	389,918
CMHC Phase 7 loan, payable \$5,181 monthly including principal and interest at 2.35%, unsecured, maturing September, 2018	1,051,381	1,086,507
First Nation Finance Authority debenture, payable \$10,821 monthly including principal and interest at 3.79%, unsecured, maturing June, 2024	2,211,549	2,256,051
Royal Bank of Canada loan, payable \$783 monthly including principal and interest at 3.75%, unsecured, maturing April, 2018	10,126	18,961
	<u>\$ 5,819,447</u>	<u>\$ 6,074,411</u>

Total interest expense during the year amounted to \$161,133 (2016 - \$169,966).

The aggregate maturities of long-term debt for loans with fixed repayment terms for each of the five years subsequent to March 31, 2017 are as follows: 2018 - \$612,978; 2019 - \$1,169,177; 2020 - \$404,024; 2021 - \$892,052; 2022 - \$876,055 and thereafter - \$1,955,163.

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

11. Tangible capital assets:

Cost	2016	Additions	Disposals	Transfers	2017
Land	\$ 1,667,270	\$ -	\$ -	\$ -	\$ 1,667,270
Land improvements	486,176	-	-	-	486,176
Buildings	18,116,599	27,621	-	567,761	18,711,981
Machinery and equipment	2,169,404	472,727	-	-	2,642,131
Furniture and equipment	652,575	27,078	-	-	679,653
Books and resource material	351,668	-	-	-	351,668
Computer equipment	530,260	65,395	-	-	595,655
Vehicles	2,474,366	718,756	(109,009)	-	3,084,113
Roads, bridges and culverts	11,219,941	156,323	-	-	11,376,264
Water and waste water	14,282,135	-	-	-	14,282,135
Street lights and signs	56,432	-	-	-	56,432
Assets under construction	1,977,732	3,023,808	-	(567,761)	4,433,779
Total	\$ 53,984,558	\$ 4,491,708	\$ (109,009)	\$ -	\$ 58,367,257

Accumulated Amortization	2016	Amortization expense	Disposals	Transfers	2017
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Land improvements	351,152	8,370	-	-	359,522
Buildings	7,242,828	533,084	-	-	7,775,912
Machinery and equipment	1,063,382	282,317	-	-	1,345,699
Furniture and equipment	606,315	21,845	-	-	628,160
Books and resource material	244,173	17,981	-	-	262,154
Computer equipment	398,721	42,170	-	-	440,891
Vehicles	1,386,711	272,220	(94,752)	-	1,564,179
Roads, bridges and culverts	3,051,947	240,758	-	-	3,292,705
Water and waste water	2,504,976	364,736	-	-	2,869,712
Street lights and signs	8,498	4,678	-	-	13,176
Assets under construction	-	-	-	-	-
Total	\$ 16,858,703	\$ 1,788,159	\$ (94,752)		\$ 18,552,110

	Net book value 2016	Net book value 2017
Land	\$ 1,667,270	\$ 1,667,270
Land improvements	135,024	126,654
Buildings	10,873,771	10,936,069
Machinery and equipment	1,106,022	1,296,432
Furniture and equipment	46,260	51,493
Books and resource material	107,495	89,514
Computer equipment	131,539	154,764
Vehicles	1,087,655	1,519,934
Roads, bridges and culverts	8,167,994	8,083,559
Water and waste water	11,777,159	11,412,423
Street lights and signs	47,934	43,256
Assets under construction	1,977,732	4,433,779
Total	\$ 37,125,855	\$ 39,815,147

NIPISSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

11, Tangible capital assets (continued):

Cost	2015	Additions	Disposals	Transfers	2016
Land	\$ 1,667,270	\$ -	\$ -	\$ -	\$ 1,667,270
Land improvements	486,176	-	-	-	486,176
Buildings	18,010,735	105,864	-	-	18,116,599
Machinery and equipment	1,146,497	210,898	-	812,009	2,169,404
Furniture and equipment	631,198	21,377	-	-	652,575
Books and resource material	351,668	-	-	-	351,668
Computer equipment	478,890	51,370	-	-	530,260
Vehicles	2,464,152	200,477	(190,263)	-	2,474,366
Roads, bridges and culverts	10,955,103	264,838	-	-	11,219,941
Water and waste water	14,282,135	-	-	-	14,282,135
Street lights and signs	49,275	7,157	-	-	56,432
Assets under construction	1,293,771	1,495,970	-	(812,009)	1,977,732
Total	\$ 51,816,870	\$ 2,357,951	\$ (190,263)	\$ -	\$ 53,984,558

Accumulated Amortization	2015	Amortization expense	Disposals	Transfers	2016
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Land improvements	342,782	8,370	-	-	351,152
Buildings	6,605,106	637,722	-	-	7,242,828
Machinery and equipment	1,005,789	57,593	-	-	1,063,382
Furniture and equipment	584,636	21,679	-	-	606,315
Books and resource material	226,192	17,981	-	-	244,173
Computer equipment	360,387	38,334	-	-	398,721
Vehicles	1,283,028	238,471	(134,788)	-	1,386,711
Roads, bridges and culverts	2,813,294	238,653	-	-	3,051,947
Water and waste water	2,140,240	364,736	-	-	2,504,976
Street lights and signs	4,107	4,391	-	-	8,498
Assets under construction	-	-	-	-	-
Total	\$ 15,365,561	\$ 1,627,930	\$ (134,788)		\$ 16,858,703

	Net book value 2015	Net book value 2016
Land	\$ 1,667,270	\$ 1,667,270
Land improvements	143,394	135,024
Buildings	11,405,629	10,873,771
Machinery and equipment	140,708	1,106,022
Furniture and equipment	46,562	46,260
Books and resource material	125,476	107,495
Computer equipment	118,503	131,539
Vehicles	1,181,124	1,087,655
Roads, bridges and culverts	8,141,809	8,167,994
Water and waste water	12,141,895	11,777,159
Street lights and signs	45,168	47,934
Assets under construction	1,293,771	1,977,732
Total	\$ 36,451,309	\$ 37,125,855

NIPISSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

12. Commitments and contingent liabilities:

- (a) The First Nation is involved in certain legal matters from time to time, the outcomes of which are not presently determinable. The effects, if any, from such contingencies will be accounted for in the periods in which the matters are resolved.
- (b) The First Nation has guaranteed the housing loans of various members. Total loans guaranteed amount to \$3,593,058 (2016 - \$3,754,135).
- (c) In accordance with terms and conditions of a financing arrangement between the Bank of Montreal and the Robinson Huron Treaty Trust (the "Trust"), the First Nation as a beneficiary of the Trust has guaranteed borrowings in proportion to its beneficial interest in the Trust in the amount of \$485,750. As of March 31, 2017, its proportional outstanding loan balance as part of the Trust is \$289,167 (2016 - \$217,749).

13. Accumulated surplus:

Accumulated surplus consists of reserves, reserve funds set aside by Council and surplus:

	2017	2016
Reserves set aside by Council:		
Bus replacement reserve	\$ 686,599	\$ 930,000
Education centre capital reserve	100,000	100,000
Education centre programming reserve	37,400	37,400
Health Services moveable capital asset reserve	(37,941)	(37,941)
Senior's Complex	17,020	17,020
CMHC apartment complex	212,662	253,389
Funds held in trust by the Government of Canada	290,779	290,779
Enhancement funds	8,889,612	8,323,128
Boundary Claim Trust	1,822,987	5,797,207
Externally restricted	84,247,032	87,056,947
Invested in tangible capital assets	33,995,700	31,051,444
Unrestricted	1,603,708	(3,630,295)
	<u>\$ 131,865,558</u>	<u>\$ 130,189,078</u>

NIPISSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

14. Funding reconciliation:

The following is a reconciliation of funding received from the Indigenous and Northern Affairs Canada (INAC) funding confirmation to revenue reported in the consolidated statement of operations:

	2017	2016
INAC revenue per consolidated statement of operations	\$ 8,171,199	\$ 9,759,777
Less: prior year deferred revenue	(30,543)	(38,029)
Add: ending deferred revenue	30,543	30,543
Less: Late amendment (Water O&M)	-	(63,005)
Less: AMEC Study	-	(68,145)
INAC revenue per funding confirmation	\$ 8,171,199	\$ 9,621,141

Included in accounts and grants receivable are \$20,865 (2016 - \$1,589,009) relating to contributions receivable from INAC.

15. Union of Ontario Indians funding:

The Union of Ontario Indians receives funding each year from various Federal and Provincial government sources under specific funding agreements. These funds are transferred to member First Nations to facilitate the delivery of a variety of programs including Health, Social Services, Employment and Education.

16. Economic dependence:

The First Nation receives a significant portion of its revenue pursuant to a funding arrangement with INAC.

17. Employee future benefits:

The annual net expense for the First Nation's defined contribution pension plan was \$304,912 (2016 - \$298,538).

18. Budget information:

Budget information has not been presented.

19. Comparative information:

Certain 2016 comparative figures have been reclassified to conform with the presentation adopted in 2017.

20. Financing Agreement between Bank of Montreal and Robinson Huron Treaty:

(a) Restricted cash:

The First Nation has pledged \$485,750 as security for a loan guarantee arrangement with the Bank of Montreal as described in note 12(c).

NIPISSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

21. Segmented information:

Nipissing First Nation is a diversified governmental institution that provides a wide range of services to its Members, including community operations, education, capital, First Nation enterprises, social services, health services, housing and other programs. 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 provided in the schedules, along with the services they provide, are as follows:

Community Operations:

Community operations is responsible for providing road maintenance, water and waste water, fire protection, information technology, band support and membership, and community buildings services to members. This department also oversees the delivery of all governmental services. The program 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.

Education:

The education department provides services to secondary school students through the operation of the N'Bisiing Secondary School. Service contracts with provincially funded area school boards are entered into for secondary students. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

Capital:

The capital department is responsible for all tangible capital asset activities occurring in the First Nation during the year, including housing construction and renovations as well as major projects such as water services and building construction.

First Nation Enterprises:

First Nation enterprises is responsible for the ongoing lease and rental arrangements between the First Nation and various third parties, as well as a variety of other programs not directly funded by government grants or contributions.

Social Services:

The social services department delivers a variety of programming including Ontario Works and offers employment support services. In addition, the department manages the homemakers and national child benefit programs.

NIPISSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

21. Segmented information (continued):

Health Services:

The health services department provides a diverse range of services directed towards the well-being of the members including the delivery of programming such as long-term care, diabetes, mental health, healthy babies, home and community care and many other programs designed to enhance the health of members. The health services department also manages the operations of the Lawrence Commanda Health Centre.

Housing:

The housing department oversees the operations of the various rental housing units owned by the First Nation including both CMHC and other housing. These operations include tenant identification, rent collection and maintenance management.

Other:

The other programs department includes programs that are ancillary to the core services of the First Nation as well as the operations of wholly-owned subsidiaries. Some of the more significant programs include library services, fisheries, employment and training, and lands management.

NIPISSING FIRST NATION

Notes to Consolidated Financial Statements

Note 21 - Segmented Information (continued)

Year ended March 31, 2017

	Community Operations	Education	Capital	First Nation Enterprises	Social Services	Health Services	Housing	Other	2017 Total
Revenue									
Indigenous and Northern Affairs Canada	1,607,088	5,425,026	495,855	-	163,104	34,042	-	446,084	8,171,199
Other	801,583	1,095,306	492,329	1,174,427	106,583	39,511	365,111	1,123,576	5,198,426
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	1,288,430	1,288,430
Ministry of Education	-	-	-	-	571,145	-	-	-	571,145
Ministry of Community and Social Services	-	-	-	-	1,301,002	319,522	-	32,701	1,653,225
Health Canada	16,547	-	-	-	-	1,558,979	-	-	1,575,526
Other Provincial	64,566	-	-	4,000	-	549,355	-	712,345	1,330,266
Union of Ontario Indians	51,617	-	-	-	232,288	147,238	-	376,018	807,161
Canada Mortgage and Housing Corporation	-	-	137,777	-	-	-	198,823	-	336,600
	2,541,401	6,520,332	1,125,961	1,178,427	2,374,122	2,648,647	563,934	3,979,154	20,931,978
Expenses:									
Material and supplies	1,690,715	4,872,498	486,956	742,669	1,131,600	1,013,062	182,278	1,349,680	11,469,458
Salaries, wages and employee benefits	1,751,915	1,188,942	238,930	-	1,375,410	1,647,283	-	1,646,058	7,848,538
Amortization of tangible capital assets	450,947	195,868	605,100	-	23,206	57,026	189,975	266,037	1,788,159
Interest on long-term debt	38,106	-	-	61,777	-	-	61,250	-	161,133
	3,931,683	6,257,308	1,330,986	804,446	2,530,216	2,717,371	433,503	3,261,775	21,267,288
Excess (deficiency) of revenue over expenses before the undernoted items	(1,390,282)	263,024	(205,025)	373,981	(156,094)	(68,724)	130,431	717,379	(335,310)
Vacation (expense) recovery	12,708	(11,467)	(3,767)	-	(3,076)	(10,899)	-	(12,863)	(29,364)
The Nipissing 2013 Boundary Claim Trust:									
Investment income	-	-	-	-	-	-	-	3,822,943	3,822,943
Other expenses	-	-	-	-	-	-	-	(908,553)	(908,553)
Per capita distributions	-	-	-	-	-	-	-	(873,236)	(873,236)
Excess (deficiency) of revenue over expenses	(1,377,574)	251,557	(208,792)	373,981	(159,170)	(79,623)	130,431	2,745,670	1,676,480

NIPISSING FIRST NATION

Notes to Consolidated Financial Statements

Note 21 - Segmented Information (continued)

Year ended March 31, 2017

	Community Operations	Education	Capital	First Nation Enterprises	Social Services	Health Services	Housing	Other	2016 Total
Revenue									-
Indigenous and Northern Affairs Canada	1,856,023	5,405,608	1,780,897	-	186,083	33,341	-	497,825	9,759,777
Other	915,431	1,227,978	378,071	1,169,206	114,020	102,998	467,615	1,038,872	5,414,191
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	1,139,394	1,139,394
Ministry of Education	-	-	-	-	415,072	-	-	-	415,072
Ministry of Community and Social Services	-	-	-	-	1,335,349	321,595	-	33,760	1,690,704
Health Canada	7,500	-	-	-	-	1,462,459	-	-	1,469,959
Other Provincial	64,566	-	-	-	-	562,918	-	377,112	1,004,596
Union of Ontario Indians	-	-	-	-	174,802	67,024	-	310,451	552,277
Canada Mortgage and Housing Corporation	-	-	124,103	-	-	-	191,900	-	316,003
	2,843,520	6,633,586	2,283,071	1,169,206	2,225,326	2,550,335	659,515	3,397,414	21,761,973
Expenses:									
Material and supplies	1,694,358	4,722,790	667,909	711,209	1,157,742	827,646	407,023	1,327,641	11,516,318
Salaries, wages and employee benefits	1,781,335	1,215,017	273,055	-	1,306,878	1,709,217	-	1,590,253	7,875,755
Amortization of tangible capital assets	414,204	182,749	603,887	-	21,159	53,937	189,352	162,764	1,628,052
Interest on long-term debt	-	-	-	61,777	-	-	76,995	-	138,772
	3,889,897	6,120,556	1,544,851	772,986	2,485,779	2,590,800	673,370	3,080,658	21,158,897
Excess (deficiency) of revenue over expenses before the undernoted items	(1,046,377)	513,030	738,220	396,220	(260,453)	(40,465)	(13,855)	316,756	603,076
Loss on sale of tangible capital assets	-	-	-	-	-	-	-	14,522	14,522
Vacation (expense) recovery	(17,905)	3,369	12,029	-	(8,034)	(14,532)	-	61,347	36,274
The Nipissing 2013 Boundary Claim Trust:									
Investment income	-	-	-	-	-	-	-	5,477,165	5,477,165
Other expenses	-	-	-	-	-	-	-	(562,935)	(562,935)
Per capita distributions	-	-	-	-	-	-	-	(594,699)	(594,699)
Excess (deficiency) of revenue over expenses	(1,064,282)	516,399	750,249	396,220	(268,487)	(54,997)	(13,855)	4,712,156	4,973,403