

**Nigigoonsiminikaaning First
Nation**
Consolidated Financial Statements
For the year ended March 31, 2016

Nigigoonsiminikaaning First Nation
Consolidated Financial Statements
For the year ended March 31, 2016

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Nigigoonsiminikaaning First Nation Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Nigigoonsiminikaaning First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of Nigigoonsiminikaaning First Nation.

The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. 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.

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

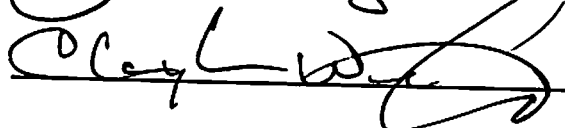
The Nigigoonsiminikaaning First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council reviews the First Nation's consolidated financial statements and meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

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

 _____ Chief

 _____ Councilor

 _____ Councilor



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BDO Canada LLP
375 Scott Street
Fort Frances ON P9A 1H1 Canada

Independent Auditor's Report

To the Members of
Nigigoonsiminikaaning First Nation

We have audited the accompanying consolidated financial statements of Nigigoonsiminikaaning First Nation, as at March 31, 2016, which are comprised of the Consolidated Statement of Financial Position as at March 31, 2016, and the Consolidated Statement of Operations, the Consolidated Statement of Changes in Accumulated Surplus, the Consolidated Statement of Changes in Net Assets (Debt) and the Consolidated Statement of Cash Flows for the year then ended, and 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 the 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 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 the auditor's judgment, including the assessment of the risks of the material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 the 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 financial position of Nigigoonsiminikaaning First Nation as at March 31, 2016, and their financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters Paragraph

Nigigoonsiminikaaning First Nation has also prepared another set of financial statements for the year ended March 31, 2016, in accordance with Canadian Public Sector Accounting Standards. However, these financial statements include unaudited program schedules which present detailed program revenues and expenditures prepared to assist management of Nigigoonsiminikaaning First Nation to meet the reporting requirements of various funding agencies. Our audit report on the other set of financial statements was issued to Chief and Council of Nigigoonsiminikaaning First Nation and was dated July 28, 2016.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

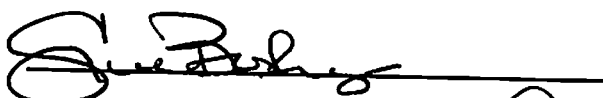
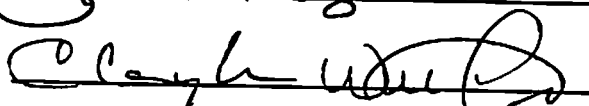
Fort Frances, Ontario
July 28, 2016

Nigigoonsiminikaaning First Nation Consolidated Statement of Financial Position

March 31	2016	2015
Financial assets		
Cash and cash equivalents (Note 1)	\$ 1,895,943	\$ 1,007,791
Accounts and loans receivable (Note 2)	1,328,422	417,326
Trust funds (Note 5)	273,349	323,344
Portfolio investments (Note 3)	2,479,437	2,005,168
Government business enterprises and partnerships (Note 4)	2,318,900	2,331,710
	<u>8,296,051</u>	<u>6,085,339</u>
Liabilities		
Accounts payable and accrued liabilities	1,715,941	1,018,161
Deferred revenue (Note 6)	1,674,486	1,544,671
Long-term debt (Note 7)	3,935,108	1,225,203
	<u>7,325,535</u>	<u>3,788,035</u>
Net assets	<u>970,516</u>	<u>2,297,304</u>
Non-financial assets		
Tangible capital assets (Note 11)	7,708,766	8,096,784
Prepaid expense	125,011	63,412
Tangible capital assets under construction	4,154,003	285,032
	<u>11,987,780</u>	<u>8,445,228</u>
Accumulated surplus (Note 10)	<u>\$ 12,958,296</u>	<u>\$ 10,742,532</u>

Commitments and Contingencies (Note 12)

Approved on behalf of Council:

 Councilor
 Councilor

Nigigoonsiminikaaning First Nation Consolidated Statement of Operations

March 31	Budget	2016	2015
	(Note 18)		
Revenue			
Indigenous and Northern Affairs Canada	\$ 185,958	\$ 185,958	\$ 302,038
INAC - fixed contribution funding	1,114,164	1,123,991	1,080,295
INAC - set contribution funding	642,000	797,680	898,869
Revenue - trust fund	-	11,286	5,922
Fort Frances Area Tribal Health Authority	38,437	105,353	90,395
Rental - housing/equipment	142,370	149,833	315,910
Ministry of Community and Social Services	-	289,637	293,816
Ministry of Aboriginal Affairs	90,000	614,959	182,077
CMHC	96,286	79,564	79,472
Miscellaneous	1,416,292	691,341	155,098
Shooniyaa Wa-Biitong	231,630	233,679	247,923
Health Canada	1,238,975	1,640,017	589,871
Casino Rama revenue	469,000	486,342	489,916
Weechi-it-te-win	507,521	507,521	497,521
Economic development revenue	-	804,286	2,494,366
Referral fees	-	-	6,000
	6,172,633	7,721,447	7,729,489
Deferred revenue, beginning of year	1,377,127	1,528,671	1,710,967
Deferred revenue, end of year (Note 6)	(1,544,671)	(1,674,486)	(1,544,671)
	6,005,089	7,575,632	7,895,785
Expenses			
Education	1,385,490	1,271,084	1,419,641
Band support	811,475	986,979	877,350
Operations and maintenance	290,783	280,380	313,092
Economic Development	-	344,956	-
Day care	233,846	268,989	223,644
Ontario Works	61,200	326,823	346,987
Water treatment plant	109,495	122,857	124,846
Health Canada	176,324	215,801	211,501
Summer student	42,267	54,565	59,596
Capital	4,401,000	135,491	230,208
Flood claim	89,892	83,977	89,295
New relationship fund	90,000	81,818	90,782
Weechi-it-te-win programs	416,290	415,221	444,221
Other programs	227,708	376,341	314,530
CMHC	231,933	154,574	188,307
Casino Rama	1,049,435	171,505	24,967
	9,617,138	5,291,361	4,958,967
Annual surplus (deficit)	\$ (3,612,049)	\$ 2,284,271	\$ 2,936,818

Nigigoonsiminikaaning First Nation Consolidated Statement of Changes in Accumulated Surplus

For the year ended March 31	2016	2015
Accumulated surplus, beginning of year	\$10,742,532	\$ 7,805,714
Adjustment to trust equity	<u>(68,507)</u>	<u>-</u>
Accumulated surplus, beginning of year	10,674,025	7,805,714
Annual surplus	<u>2,284,271</u>	<u>2,936,818</u>
Accumulated surplus, end of year	<u>\$12,958,296</u>	<u>\$ 10,742,532</u>

Nigigoonsiminikaaning First Nation Consolidated Statement of Changes in Net Assets (Debt)

For the year ended March 31	Budget	2016	2015
	(Note 18)		
Annual surplus (deficit)	\$ (3,612,049)	\$ 2,284,271	\$ 2,936,818
Acquisition of tangible capital assets	-	(3,897,971)	(488,975)
Adjustment to trust equity	-	(68,507)	-
Amortization of tangible capital assets	411,217	417,018	411,216
Proceeds in excess of gain on asset disposal	-	-	6,912
	(3,200,832)	(1,265,189)	2,865,971
Use of prepaid expenses	-	(61,599)	(22,389)
Net changes in net assets (debt)	(3,200,832)	(1,326,788)	2,843,582
Net assets (debt), beginning of year	(546,278)	2,297,304	(546,278)
Net assets (debt), end of year	\$ (3,747,110)	\$ 970,516	\$ 2,297,304

Nigigoonsiminikaaning First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2016	2015
Cash flows from operating activities		
Annual surplus	\$ 2,284,271	\$ 2,936,818
Items not affecting cash		
Gain on disposal of tangible capital assets	-	(143,153)
Amortization of tangible capital assets	417,018	411,216
Bad debt expense	26,209	43,167
Prior period adjustment	(68,507)	-
	<u>2,658,991</u>	<u>3,248,048</u>
 Changes in non-cash working capital		
Accounts and loans receivable	(937,305)	17,916
Prepaid expense	(61,600)	(22,389)
Accounts payable	697,780	103,353
Deferred revenue	129,816	(166,296)
Government business enterprises	12,810	(37,986)
	<u>(158,499)</u>	<u>(105,402)</u>
	<u>2,500,492</u>	<u>3,142,646</u>
 Cash flows from capital activities		
Proceeds from disposal of tangible capital assets	-	150,064
Purchase of tangible capital assets	(3,897,971)	(488,975)
	<u>(3,897,971)</u>	<u>(338,911)</u>
 Cash flows from investing activities		
Advances to affiliated enterprises	-	144,000
Purchase of investments	(474,269)	(3,331,047)
Trust funds	49,995	(117,649)
	<u>(424,274)</u>	<u>(3,304,696)</u>
 Cash flows from financing activities		
Advances of long-term debt	2,762,390	-
Repayment of long-term debt	(52,485)	(47,049)
	<u>2,709,905</u>	<u>(47,049)</u>
 Net change in cash and cash equivalents	<u>888,152</u>	<u>(548,010)</u>
 Cash and cash equivalents, beginning of year	<u>1,007,791</u>	<u>1,555,801</u>
 Cash and cash equivalents, end of year	<u>\$ 1,895,943</u>	<u>\$ 1,007,791</u>
 Supplementary information		
Interest received	\$ 17,871	\$ 25,602
Interest paid	\$ 13,655	\$ 25,506

The accompanying summary of significant accounting policies, notes and schedules are an integral part of these consolidated financial statements.

Nigigoonsiminikaaning First Nation Summary of Significant Accounting Policies

March 31, 2016

Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the Canadian Institute of Chartered Accountants Public Sector Accounting and Auditing Handbook, and include all Organizations, operations and activities that are:

- 1) accountable for the administration of their financial affairs and resources directly to the First Nation; and
- 2) owned or controlled by the First Nation.

This includes all aspects of band operations including provision of social, educational, administration and operational services, as well as, the results of First Nation enterprises on a modified equity method as disclosed in Note 4 to these consolidated financial statements.

Other long-term investments are reflected at cost as disclosed in Note 3.

Government business enterprises and partnerships are separate legal entities which do not rely on the government for funding. The First Nation's government business enterprises and partnerships consist of the entities listed in Note 4. These investments are accounted for using the modified equity basis of accounting. Under this method, the government business enterprise's accounting policies follow International Financial Reporting Standards.

Government Transfers

Government transfers, which include legislative grants, are recognized as revenue in the consolidated financial statements 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. When transfer stipulations give rise to a liability, government transfers are recognized as deferred revenue and recognized as revenue when the stipulations are settled.

Cash and Cash Equivalents

Management considers all highly liquid investments with maturities of three months or less at acquisition to be cash equivalents.

Nigigoonsiminikaaning First Nation Summary of Significant Accounting Policies

March 31, 2016

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. The First Nation does not capitalize interest charges as part of the cost of its tangible capital assets.

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the First Nation, forests, water, and other natural resources are not recognized as tangible capital assets.

Amortization

Amortization is calculated on the cost, net of contributions on a straight-line basis over the following number of years:

Buildings and housing	25 years
Roads	50 years
Vehicles	5 years
Other	3 - 5 years
Infrastructure	10 - 50 years

Program Surplus

Programs funded by government agencies may be subject to recovery by the contributing agencies in accordance with funding arrangements and could result in adjustments to prior year funding.

Long-term Loans Receivable

Loans are carried at the unpaid principal less allowances for doubtful loans.

Allowance for Doubtful Loans

The First Nation maintains specific allowances for doubtful loans that reduce the carrying value of loans identified as impaired to their estimated realizable amounts.

Nigigoonsiminikaaning First Nation Summary of Significant Accounting Policies

March 31, 2016

Investments

The modified equity method of accounting is used to account for investments in the First Nation's business enterprises which the First Nation owns and controls. Under this method, the investment is initially recorded at cost and the carrying value is adjusted annually thereafter to include the First Nation's pro rata share of post acquisition earnings. The First Nation's investments in Government Business Partnerships are also recorded using the modified equity method.

Other investments (where control does not exist) are accounted for following the cost method of accounting. Under this method, the investment is recorded at cost and earnings from the investment are recognized only to the extent received or receivable.

Replacement Reserves

The replacement reserve accounts are funded by an annual allocation based on amounts specified in agreements with CMHC.

Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

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.

Financial Instruments

The First Nation's financial instruments consist of cash in bank, accounts and loans receivable, long-term loans receivable, advances to affiliated Companies, investments, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values unless otherwise noted.

Trust Funds

Trust funds are held in trust by Indigenous and Northern Affairs Canada (INAC). Revenue on trust funds is recognized in accordance with terms of the related instrument.

Nigigoonsiminikaaning First Nation Summary of Significant Accounting Policies

March 31, 2016

Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the consolidated financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the consolidated financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.

Use of Estimates

The preparation of consolidated financial statements in accordance 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 consolidated 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.

The estimates used in the preparation of these consolidated financial statements are the useful lives of property, plant and equipment and accrued liabilities.

Nigigoonsiminikaaning First Nation Notes to Consolidated Financial Statements

March 31, 2016

1. Cash and Cash Equivalents

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Nigigoonsiminikaaning First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Capital Improvement Fund. Cash and cash equivalents is comprised of the following:

	<u>2016</u>	<u>2015</u>
Externally restricted		
Unspent Casino Rama revenue	\$ 1,245,023	\$ 1,117,121
Restricted by funding agreements	<u>509,186</u>	<u>427,550</u>
	<u>1,754,209</u>	<u>1,544,671</u>
Internally restricted		
Reserves	<u>130,635</u>	<u>102,805</u>
Unrestricted		
Operating	<u>11,099</u>	<u>(639,685)</u>
Total cash and cash equivalents	<u><u>\$ 1,895,943</u></u>	<u><u>\$ 1,007,791</u></u>

Nigigoonsiminikaaning First Nation Notes to Consolidated Financial Statements

March 31, 2016

2. Accounts and Loans Receivable

	2016	2015
Accounts receivable	\$ 1,432,796	\$ 541,711
Rental housing/satellite dish recovery	396,106	350,728
Advances to band members	842	-
	<u>1,829,744</u>	<u>892,439</u>
Allowance for doubtful accounts	501,322	475,113
	<u>\$ 1,328,422</u>	<u>\$ 417,326</u>

3. Portfolio Investments

	2016	2015
Securities	<u>\$ 2,479,437</u>	<u>\$ 2,005,168</u>

Portfolio investments are valued at cost. Fair market value of securities as of March 31, 2016 is \$2,375,605 (2015 is \$1,998,877).

Nigigoonsiminikaaning First Nation

Notes to Consolidated Financial Statements

March 31, 2016

4. Government Business Enterprises and Partnerships, at modified equity

Rainy Lake Tribal Development Corporation

Rainy Lake Tribal Development Corporation is a Corporation that was created for the purpose of pursuing economic development opportunities to generate wealth for the seven First Nation members belonging to Pwi-Di-Goo-Zing Ne-Yaa-Zhing.

Little Otter Economic Development Corporation

Little Otter Economic Development Corporation is a Corporation that was created for the purpose of exploring economic activities that the First Nation can be involved in.

Little Otter Economic Development, LP

Little Otter Economic Development, LP is a limited Partnership that was created for the purpose of carrying on economic activities.

Senic River Mall Inc.

Senic River Mall Inc. is a Partnership that was created to operate an eight unit commercial rental property located in the Town of Fort Frances.

Rainy Lake Tribal Resource Management Inc.

Rainy Lake Tribal Resource Management Inc. is a Corporation that was created to undertake a contract with the Ministry of Natural Resources of Ontario to manage the Sapawe forest.

Dallan Holdings Inc.

Dallan Holdings Inc. is a Corporation that was created for the purpose of holding Partnership units for its shareholders. Nigigoonsiminikaaning First Nation owns 33.33% of this Corporation.

Dallan Holdings, LP

Dallan Holdings, LP is a Limited Partnership that was created to carry on the business of mill yard services, through one or more subsidiaries.

Dallan Fort William, LP

Dallan Fort William, LP is a Limited Partnership that was created to carry on such business, adventures in the nature of trade and such other undertakings with a view to profit as determined from time to time by the General Partner upon notice to the Limited Partners.

Nanicost Ltd.

Nanicost Ltd. is a Corporation that was created to operate a commercial rental building located on Couchiching First Nation.

**Nigigoonsiminikaaning First Nation
Notes to Consolidated Financial Statements**

March 31, 2016

4. Government Business Enterprises and Partnerships, at modified equity (continued)

	Rainy Lake Tribal Development Corporation	Little Otter Economic Development Corporation	Little Otter Economic Development, LP	Senic River Mall Inc..	Rainy Lake Tribal Resource Management Inc.	Dallan Holdings Inc.	Dallan Holdings, LP	Dallan Fort William, LP	Nanicost Ltd.	Boundary Waters Anishinaabeg Development, LP	Total
Percentage ownership	16.67%	100%	99.99%	33.33%	16.67%	33.33%	33.33%	33.33%	25%	24.975%	
Carrying value, March 31, 2014	\$ 452,293	\$ 135,755	\$ (21,281)	\$ 39,435	\$ 9,911	\$ 100	\$ 4,656	\$ 106,072	\$ 211,627	\$ -	\$ 938,568
Purchase of shares	-	-	-	-	-	-	-	-	-	250	250
Share of net	8,439	37,986	-	15,341	(11,985)	-	(3,752)	97,803	253	-	144,085
Changes in capital	-	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-	-
Carrying value, March 31, 2015	460,732	173,741	(21,281)	54,776	(2,074)	100	904	203,875	211,880	250	1,082,903
Purchase of shares	-	-	-	-	-	-	-	-	-	-	-
Share of net	(180,746)	93,017	-	13,182	9,109	14	738,277	635,145	(5,235)	80,671	1,383,434
Changes in capital	-	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	1,170	-	-	-	-	-	-	(148,607)	-	(147,437)
Carrying value, March 31, 2016	\$ 279,986	\$ 267,928	\$ (21,281)	\$ 67,958	\$ 7,035	\$ 114	\$ 739,181	\$ 839,020	\$ 58,038	\$ 80,921	\$ 2,318,900

Nigigoonsiminikaaning First Nation Notes to Consolidated Financial Statements

March 31, 2016

4. Government Business Enterprises and Partnerships, at modified equity (continued)

	Rainy Lake Tribal Development Corporation	Little Otter Economic Development Corporation	Little Otter Economic Development, LP	Scenic River Mall Inc..	Rainy Lake Tribal Resource Management Inc	Dallan Holdings Inc.	Dallan Holdings, LP	Dallan Fort William, LP	Nanicost Ltd.	Boundary Waters Anishinaabeg Development, LP	2016 Total	2015 Total
Financial position												
Current assets	\$ 1,262,958	\$ -	\$ 10	\$ 6,892	\$ 386,001	\$ 309	\$ 102,920	\$ 1,306,297	\$ 111,419	\$ 996,490	\$ 4,173,296	\$ 3,376,314
Long-term assets	510,937	266,788	-	221,982	-	600,457	6,264,927	1,373,732	441,556	2,696,396	12,376,775	5,612,391
	1,773,895	266,788	10	228,874	386,001	600,766	6,367,847	2,680,029	552,975	3,692,886	16,550,071	8,988,705
Current liabilities	308,260	10	800	25,005	343,791	13	1,555,388	488,775	320,827	772,723	3,815,592	1,199,047
Long-term liabilities	-	-	20,491	278,229	-	600,410	2,372,805	-	202,592	2,596,153	6,070,680	4,545,280
	308,260	10	21,291	303,234	343,791	600,423	3,928,193	488,775	523,419	3,368,876	9,886,272	5,744,327
Share capital	3,153,294	20	10	30	600	300	727,974	1,824,012	1	324,010	6,030,251	3,154,255
Net equity (deficit), end of year	(1,687,659)	266,758	(21,291)	(74,390)	41,610	43	1,711,680	367,242	29,555	324,010	957,558	90,123
	1,465,635	266,778	(21,281)	(74,360)	42,210	343	2,439,654	2,191,254	29,556	324,010	6,663,799	3,244,378
	\$ 1,773,895	\$ 266,788	\$ 10	\$ 228,874	\$ 386,001	\$ 600,766	\$ 6,367,847	\$ 2,680,029	\$ 552,975	\$ 3,692,886	\$ 16,550,071	\$ 8,988,705
Results of operations											2016	2015
Revenues	\$ (244,485)	\$ 92,743	\$ -	\$ 142,685	\$ 1,260,331	\$ 56	\$ 2,242,456	\$ 4,486,307	\$ 630,216	\$ 710,969	\$ 9,321,278	\$ 3,640,592
Operating expenses	839,987	(274)	-	103,135	1,205,676	14	548,076	4,119,065	651,156	387,960	7,854,795	2,910,330
Net income (loss)	(1,084,472)	93,017	-	39,550	54,655	42	1,694,380	367,242	(20,940)	323,009	1,466,483	730,262
Net equity (deficit), beginning of year	(603,187)	173,741	(21,291)	(113,940)	(13,045)	1	17,300	-	50,495	1,001	(508,925)	(640,139)
Net equity (deficit), end of year	\$ (1,687,659)	\$ 266,758	\$ (21,291)	\$ (74,390)	\$ 41,610	\$ 43	\$ 1,711,680	\$ 367,242	\$ 29,555	\$ 324,010	\$ 957,558	\$ 90,123

Nigigoonsiminikaaning First Nation Notes to Consolidated Financial Statements

March 31, 2016

5. Trust Funds Investments Held

	Balance March 31, 2015	Additions 2016	Withdrawals 2016	Balance March 31, 2016
Capital	\$ 174,884	\$ -	\$ -	\$ 174,884
Revenue	36,685	11,286	-	47,971
Rainy River District First Nations Trust	111,775	7,226	(68,507)	50,494
	<u>\$ 323,344</u>	<u>\$ 18,512</u>	<u>\$ (68,507)</u>	<u>\$ 273,349</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 Sections 63 to 69 of the Indian Act.

The funds held in the Rainy River District First Nation Trust are controlled by the First Nation and arose from the signing of a resource sharing agreement.

Nigigoonsiminikaaning First Nation Notes to Consolidated Financial Statements

March 31, 2016

6. Deferred Revenue

	Balance March 31, 2015	Funding Received 2016	Revenue Recognized 2016	Balance March 31, 2016
Federal Government				
Capital projects	\$ 296,180	\$ 1,448,270	\$ 1,390,955	\$ 353,495
Education	-	793,118	717,150	75,968
	296,180	2,241,388	2,108,105	429,463
Other				
Training funds	131,370	-	131,370	-
Casino Rama	1,117,121	469,842	341,940	1,245,023
	1,248,491	469,842	473,310	1,245,023
	\$ 1,544,671	\$ 2,711,230	\$ 2,581,415	\$ 1,674,486

Capital Projects

Indigenous and Northern Affairs Canada advanced the First Nation funding in relation to capital projects. This funding must be spent on capital projects within the boundaries of the First Nation.

Education

Indigenous and Northern Affairs Canada advanced the First Nation funding in relation to post secondary, elementary and secondary education. This funding must be spent on education expenditures.

Training Funds

Rainy River District First Nation Trust advanced the First Nation funding in relation to certain training initiatives. This funding must be spent on specific training programs.

Casino Rama

Ontario First Nations Limited Partnership advanced the First Nation funds relating to community development, health, education, economic development and cultural development. This funding must be spent on expenditures that fall into these categories.

Nigigoonsiminikaaning First Nation Notes to Consolidated Financial Statements

March 31, 2016

7. Long-term Debt

	2016	2015
Secured debt		
CMHC mortgage with interest at 1.12%, repayable in monthly instalments of \$2,962 principal and interest, maturing February 2020. Carrying value of the secured asset is \$972,613.	\$ 603,994	\$ 632,636
CMHC mortgage with interest at 2.76%, repayable in monthly instalments of \$1,717 principal and interest, maturing June 2015. Carrying value of the secured asset is \$206,517.	241,905	257,067
CMHC mortgage with interest at 1.4% repayable in monthly instalments of \$944 principal and interest, maturing February 2017. Carrying value of the secured asset is \$376,608.	158,211	166,892
Unsecured debt		
Land claim litigation loan, non-interest bearing, unsecured, maturing March 2020 or when litigation is settled, whichever comes first.	168,608	168,608
Demand debt		
TD loan with interest at prime plus 1.5% repayable by September 30, 2016.	2,762,390	-
	\$ 3,935,108	\$ 1,225,203

Mortgages are secured by a first charge mortgage against rental properties and Ministerial Guarantees from Indigenous and Northern Affairs Canada.

Principal repayments required over the next five years and thereafter are as follows:

	Principal Repayments	Interest	Total
2017	\$ 2,815,900	\$ 11,673	\$ 2,827,573
2018	54,152	11,030	65,182
2019	54,803	10,380	65,183
2020	224,069	9,722	233,791
2021	56,127	9,055	65,182
Thereafter	730,057	55,096	785,153
	\$ 3,935,108	\$ 106,956	\$ 4,042,064

	2016	2015
Interest expense for the year on long-term debt	\$ 13,655	\$ 25,506

Nigigoonsiminikaaning First Nation

Notes to Consolidated Financial Statements

March 31, 2016

8. Related Party Transactions

The First Nation owns 100% of Little Otter Logging Ltd. During the fiscal year, the First Nation recorded \$84,296 of revenue relating to management fees from the Corporation.

The First Nation owns 16.67% of Rainy Lake Tribal Development Corporation. During the fiscal year, the First Nation recorded \$NIL of revenue relating to referral fees from the Corporation.

9. Replacement Reserve

	Medical Van	Community Service Van	10-Unit (1997) #22-164-198-1	10-Unit (2002) #22-164-198-2	10-Unit(2005/06) #22-164-198-3	Total
Balance March 31, 2014	\$ 3,858	\$ 4,996	\$ 23,169	\$ 20,577	\$ 42,675	\$ 95,275
Allocated from restricted funds	-	-	-	-	(7,800)	(7,800)
Allocation to restricted funds	1,730	-	2,550	2,550	8,500	15,330
Balance March 31, 2015	5,588	4,996	25,719	23,127	43,375	102,805
Allocation to restricted funds	1,730	12,500	2,550	2,550	8,500	27,830
Balance March 31, 2016	\$ 7,318	\$ 17,496	\$ 28,269	\$ 25,677	\$ 51,875	\$ 130,635

CMHC requires that the replacement reserve be fully funded at the end of the fiscal year. The total CMHC replacement reserve is \$105,822. The amount held in a restricted bank account in relation to this reserve is \$116,491; therefore, the reserve is over funded by \$10,669 as of March 31, 2016.

10. Accumulated Surplus

The First Nation segregates its accumulated surplus in the following categories:

	2016	2015
Investment in tangible capital assets		
Tangible capital assets	\$ 7,708,766	\$ 8,096,784
Tangible capital assets under construction	4,154,003	285,032
Debt relating to tangible capital assets	(3,766,500)	(1,056,595)
Total investment in tangible capital assets	8,096,269	7,325,221
Operations	4,488,149	3,084,049
Equity in trusts	243,243	230,457
Replacement reserves	130,635	102,805
	<u>\$12,958,296</u>	<u>\$ 10,742,532</u>

Nigigoonsiminikaaning First Nation Notes to Consolidated Financial Statements

March 31, 2016

11. Tangible Capital Assets

	2016						
	Buildings	Infrastructure	Vehicles	Roads	Housing	Other	Total
Cost, beginning of year	\$ 2,519,679	\$ 6,040,812	\$ 360,680	\$ 754,351	\$ 3,897,969	\$ 342,317	\$13,915,808
Additions	-	-	29,000	-	-	-	29,000
Disposals	-	-	(23,235)	-	-	-	(23,235)
Cost, end of year	2,519,679	6,040,812	366,445	754,351	3,897,969	342,317	13,921,573
Accumulated amortization, beginning of year	1,664,273	1,420,857	256,234	343,750	1,795,983	337,927	5,819,024
Amortization	81,991	123,667	61,539	15,089	133,269	1,463	417,018
Disposals	-	-	(23,235)	-	-	-	(23,235)
Accumulated amortization, end of year	1,746,264	1,544,524	294,538	358,839	1,929,252	339,390	6,212,807
Net carrying amount, end of year	\$ 773,415	\$ 4,496,288	\$ 71,907	\$ 395,512	\$ 1,968,717	\$ 2,927	\$ 7,708,766

The net book value of tangible capital assets not being amortized because they are under construction is \$4,154,003 (2015 - \$285,032). These items are recognized separately as tangible capital assets under construction in the consolidated statement of financial position. This relates to the new band office project.

**Nigigoonsiminikaaning First Nation
Notes to Consolidated Financial Statements**

March 31, 2016

11. Tangible Capital Assets (continued)

	2015						
	Buildings	Infrastructure	Vehicles	Roads	Housing	Other	Total
Cost, beginning of year	\$ 2,709,467	\$ 6,040,812	\$ 326,737	\$ 754,351	\$ 3,814,369	\$ 342,317	\$13,988,053
Additions	-	-	33,943	-	170,000	-	203,943
Disposals	(189,788)	-	-	-	(86,400)	-	(276,188)
Cost, end of year	2,519,679	6,040,812	360,680	754,351	3,897,969	342,317	13,915,808
Accumulated amortization, beginning of year	1,772,070	1,297,190	200,495	328,663	1,742,202	336,464	5,677,084
Amortization	81,991	123,667	55,739	15,087	133,269	1,463	411,216
Disposals	(189,788)	-	-	-	(79,488)	-	(269,276)
Accumulated amortization, end of year	1,664,273	1,420,857	256,234	343,750	1,795,983	337,927	5,819,024
Net carrying amount, end of year	\$ 855,406	\$ 4,619,955	\$ 104,446	\$ 410,601	\$ 2,101,986	\$ 4,390	\$ 8,096,784

Nigigoonsiminikaaning First Nation Notes to Consolidated Financial Statements

March 31, 2016

12. Commitments and Contingencies

Through Council Resolutions, the First Nation has guaranteed two loans for band members. The total amount of these guarantees is \$231,523 (2015 - \$243,810). In the opinion of management, the likelihood of the guarantees being exercised is low.

13. Pension Plan

The First Nation has a defined contribution pension plan for full-time employees. The First Nation matches employee contributions at 5.5% of the employee salary. As a defined contribution pension plan, the First Nation has no further liability or obligation for future contributions to fund future benefits to plan members. Contributions made by the First Nation to the pension plan for 2016 were \$114,339.

14. Credit Facility

The First Nation has a \$250,000 revolving line of credit with TD Canada Trust bearing interest at the bank's prime rate of 2.5% as at March 31, 2016.

At March 31, 2016, the First Nation had undrawn credit capacity under this facility of \$250,000.

15. Economic Dependence

Nigigoonsiminikaaning First Nation receives a major portion of its revenue pursuant to a funding arrangement with Indigenous and Northern Affairs Canada.

16. Federal Assistance Payments

The CMHC projects have received federal assistance through CMHC pursuant to Section 56.1 of the National Housing Act to enable the project to provide housing to low income individuals. The amount of assistance received in 2016 was \$96,074 (2015 - \$95,472).

17. Expenditure by Object

	2016	2015
Salaries, wages and employee benefits	\$ 2,047,794	\$ 2,028,201
Materials and supplies	1,191,903	955,193
Contracted services	970,192	1,095,030
Rents and financial expenses	350,853	205,664
Travel	315,331	263,662
Amortization	415,288	411,217
	<u>\$ 5,291,361</u>	<u>\$ 4,958,967</u>

Nigigoonsiminikaaning First Nation Notes to Consolidated Financial Statements

March 31, 2016

18. Budget Information

The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated recovering deficits. In addition, the budget did not include amortization expense. As a result, the budget figures presented in the consolidated statement of operations represent the Financial Plan adopted by Council, with adjustments as follows:

	<u>2016</u>
Financial Plan (budget) by-law deficit for the year	\$ (1,518,885)
Add:	
Transfers	(131,476)
Less:	
Deferred revenue	(1,544,671)
Amortization	<u>(417,017)</u>
Budget deficit per consolidated statement of operations	<u>\$ (3,612,049)</u>

19. Segmented Information

Nigigoonsiminikaaning First Nation is a First Nation government that provides a wide range of services to the members of its community. For management reporting purposes the First Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following significant segments have been identified and as such are separately disclosed:

Education

The education department provides services to elementary and secondary students primarily by entering into service contracts with provincially funded area school boards, as well as native language study. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

Operations and Maintenance

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

Medical and Other Health Services

The community wellness department provides a diverse bundle of services directed towards the well-being of members including such activities as long-term care, medical transportation, pre-natal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members.

Nigigoonsiminikaaning First Nation Notes to Consolidated Financial Statements

March 31, 2016

19. Segmented Information (continued)

Band Support

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.

Capital

This department is responsible for all capital asset activities occurring in the First Nation during the year, including housing construction and renovations.

Other Services

The First Nation provides a wide array of other services, including youth employment projects, economic development, housing activities and others.

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 and 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.

20. Comparative Figures

The comparative amounts presented in the consolidated financial statements have been restated to conform to the current year's presentation.

**Nigigoonsiminikaaning First Nation
2016 Segment Disclosure**

March 31, 2016	Band Support	Operations and Maintenance	Education	Medical and Health	Capital	Other	Total
Revenue							
INAC	\$ 272,754	\$ 61,826	\$ 1,441,293	\$ -	\$ 168,761	\$ 162,995	\$ 2,107,629
Canada	-	-	-	325,705	1,263,000	130,876	1,719,581
Ontario	-	-	-	-	435,000	469,596	904,596
Casino Rama	16,500	-	-	-	-	469,842	486,342
Trust income	11,286	-	-	-	-	-	11,286
Other Aboriginal organizations	-	554	-	103,628	-	742,371	846,553
Interest, rentals and other	560,022	28,928	-	-	16,510	235,714	841,174
Administration	336,295	-	-	(46,899)	(20,000)	(269,396)	-
Transfers	-	29,371	(79,370)	(5,682)	-	55,681	-
Economic development revenue	-	-	-	-	-	804,286	804,286
	1,196,857	120,679	1,361,923	376,752	1,863,271	2,801,965	7,721,447
Deferred revenue, beginning of year	-	-	-	-	280,180	1,248,491	1,528,671
Deferred revenue, end of year	-	-	(75,968)	-	(353,495)	(1,245,023)	(1,674,486)
	1,196,857	120,679	1,285,955	376,752	1,789,956	2,805,433	7,575,632
Expenditures							
Salaries, wages and benefits	426,206	47,863	326,960	219,126	50,400	977,239	2,047,794
Materials, supplies and capital	79,533	97,534	66,742	79,959	85,091	783,044	1,191,903
Contracted services	-	-	721,615	56,453	-	192,124	970,192
Rents and financial expenses	308,013	-	-	1,900	-	40,940	350,853
Travel	51,245	-	123,545	19,654	-	120,887	315,331
Amortization	121,982	134,983	32,222	5,060	-	121,041	415,288
	986,979	280,380	1,271,084	382,152	135,491	2,235,275	5,291,361
Excess (deficiency) of revenue over expenditures	\$ 209,878	\$ (159,701)	\$ 14,871	\$ (5,400)	\$ 1,654,465	\$ 570,158	\$ 2,284,271

**Nigigoonsiminikaaning First Nation
2015 Segment Disclosure**

March 31, 2015	Band Support	Operations and Maintenance	Education	Medical and Health	Capital	Other	Total
Revenue							
INAC	\$ 268,448	\$ 61,826	\$ 1,426,815	\$ -	\$ 168,814	\$ 355,299	\$ 2,281,202
Canada	-	-	-	275,369	293,834	100,140	669,343
Ontario	-	-	-	-	-	475,893	475,893
Casino Rama	22,323	-	-	-	-	467,593	489,916
Trust income	5,922	-	-	-	-	-	5,922
Other Aboriginal organizations	12,453	28,807	-	90,645	-	706,684	838,589
Interest, rentals and other	106,651	49,257	-	-	159,153	153,197	468,258
Administration	280,731	-	-	(44,047)	-	(236,684)	-
Referral fees	6,000	-	-	-	-	-	6,000
Transfers	-	27,625	(44,318)	(6,412)	-	23,105	-
Economic development revenue	-	-	-	-	-	2,494,366	2,494,366
	702,528	167,515	1,382,497	315,555	621,801	4,539,593	7,729,489
Deferred revenue, beginning of year	-	-	-	-	368,421	1,342,546	1,710,967
Deferred revenue, end of year	-	-	-	-	(296,180)	(1,248,491)	(1,544,671)
	702,528	167,515	1,382,497	315,555	694,042	4,633,648	7,895,785
Expenditures							
Salaries, wages and benefits	364,145	75,648	387,548	175,161	17,833	1,007,866	2,028,201
Materials, supplies and capital	187,538	101,685	48,808	82,218	221,177	313,767	955,193
Contracted services	-	-	839,920	17,204	-	237,906	1,095,030
Rents and financial expenses	155,958	-	-	1,400	-	48,306	205,664
Travel	70,574	776	111,143	13,952	-	67,217	263,662
Amortization	116,182	134,983	32,222	6,789	-	121,041	411,217
	894,397	313,092	1,419,641	296,724	239,010	1,796,103	4,958,967
Excess (deficiency) of revenue over expenditures	\$ (191,869)	\$ (145,577)	\$ (37,144)	\$ 18,831	\$ 455,032	\$ 2,837,545	\$ 2,936,818



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Review Engagement Report

To the Chief, Council and Members of Nigigoonsiminikaaning First Nation

At the request of Nigigoonsiminikaaning First Nation, we have reviewed the Schedule of Salary, Honoraria and Travel for the Band for the year ended March 31, 2016, calculated pursuant to the requirements of the Indigenous and Northern Affairs Canada Year End Reporting Handbook. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Band.

A review does not constitute an audit and consequently we do not express an audit opinion on this Schedule of Salary, Honoraria and Travel.

As a result of the uncertainty as to the definition of travel expenses, we were unable to complete our review of travel expenses and, therefore, the amounts included in this Schedule are based solely on the information provided by the Band. Had we been able to complete our review based on a clear definition of what constitutes travel expenses, we might have determined that adjustments were necessary to travel expenses.

Except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to complete our review of travel expenses, as described in the preceding paragraph, nothing has come to our attention that causes us to believe that this Schedule of Salary, Honoraria and Travel is not, in all material respects, in accordance with the requirements of the Indigenous and Northern Affairs Canada Year End Reporting Handbook.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
July 28, 2016

**Nigigoonsiminikaaning First Nation
Schedule of Salary, Honoraria and Travel
for Elected Officials
(Unaudited)**

For the year ended March 31, 2016

Elected or Appointed Officials

Name	Position	Duration (Months)	Salary/ Honoraria	Travel	Other	Total
Will Windigo	Chief	12	\$ 60,250	\$ 10,124	\$ 840	\$ 71,214
Don Jones	Council	12	\$ 45,174	\$ 9,909	\$ 900	\$ 55,983
Sue Boshey	Council	12	\$ 45,174	\$ 6,861	\$ 900	\$ 52,935
Clayton Windigo	Council	12	\$ 26,288	\$ 8,633	\$ 900	\$ 35,821
