

**Nigigoonsiminikaaning First
Nation**
Consolidated Financial Statements
For the year ended March 31, 2017

Nigigoonsiminikaaning First Nation
Consolidated Financial Statements
For the year ended March 31, 2017

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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.

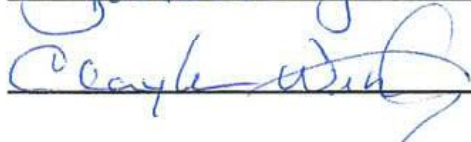
The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to the Council.



Chief



Councilor



Councilor



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BDO Canada LLP
607 Portage Avenue
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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, 2017, which are comprised of the Consolidated Statement of Financial Position as at March 31, 2017, 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, 2017, 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, 2017, 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 August 30, 2017.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario

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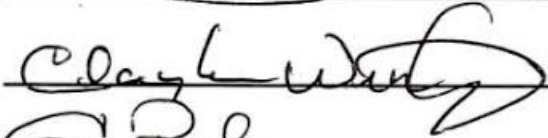

August 30, 2017

Nigigoonsiminikaaning First Nation Consolidated Statement of Financial Position

March 31	2017	2016
Financial assets		
Cash and cash equivalents (Note 1)	\$ 1,334,124	\$ 1,895,943
Accounts and loans receivable (Note 2)	2,524,355	1,328,422
Advances to affiliated companies (Note 3)	380,843	411,308
Trust funds (Note 6)	316,356	273,349
Portfolio investments (Note 4)	2,744,781	2,829,985
Government business enterprises and partnerships (Note 5)	1,737,544	1,557,044
	9,038,003	8,296,051
Liabilities		
Accounts payable and accrued liabilities	2,166,393	1,715,941
Deferred revenue (Note 7)	1,664,138	1,674,486
Long-term debt (Note 8)	2,542,601	3,935,108
	6,373,132	7,325,535
Net assets	2,664,871	970,516
Non-financial assets		
Tangible capital assets (Note 12)	13,598,525	7,708,766
Prepaid expense	127,139	125,011
Tangible capital assets under construction	213,037	4,154,003
	13,938,701	11,987,780
Accumulated surplus (Note 11)	\$16,603,572	\$ 12,958,296

Commitments and Contingencies (Note 13)

Approved on behalf of Council:

  	<p>Chief</p> <p>Councilor</p> <p>Councilor</p>
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Nigigoonsiminikaaning First Nation Consolidated Statement of Operations

March 31	Budget	2017	2016
	(Note 18)		
Revenue			
Indigenous and Northern Affairs Canada	\$ 140,000	\$ 334,302	\$ 185,958
INAC - fixed contribution funding	2,388,007	2,100,285	1,123,991
INAC - set contribution funding	611,290	648,675	797,680
Revenue - trust fund	-	10,929	11,286
Fort Frances Area Tribal Health Authority	101,963	103,377	105,353
Rental - housing/equipment	142,370	155,331	149,833
Ministry of Community and Social Services	199,600	290,778	289,637
Ministry of Aboriginal Affairs	240,192	240,192	614,959
CMHC	190,036	182,310	79,564
Miscellaneous	2,206,358	496,560	691,341
NOHFC	809,145	809,145	-
Shooniyaa Wa-Biitong	345,544	346,283	233,679
Health Canada	2,581,873	2,581,873	1,640,017
Casino Rama revenue	562,800	531,346	486,342
Weechi-it-te-win	619,327	580,207	507,521
Economic development revenue	-	957,774	804,286
	11,138,505	10,369,367	7,721,447
Deferred revenue, beginning of year	1,594,703	1,674,486	1,528,671
Deferred revenue, end of year (Note 7)	(1,594,703)	(1,664,138)	(1,674,486)
	11,138,505	10,379,715	7,575,632
Expenses			
Education	1,396,700	1,569,276	1,271,084
Band support	805,817	864,110	986,979
Operations and maintenance	155,800	157,605	280,380
Economic Development	200,000	207,351	344,956
Day Care	536,137	472,437	268,989
Ontario Works	234,300	280,220	326,823
Water treatment plant	1,933,154	131,582	122,857
Health Canada	3,760,244	533,021	215,801
Summer student	46,113	55,190	54,565
Capital	1,398,484	557,821	135,491
Flood claim	85,192	116,991	83,977
New relationship fund	90,000	81,821	81,818
Weechi-it-te-win programs	566,027	465,311	415,221
Other programs	276,990	148,931	376,341
CMHC	87,839	65,191	154,574
Casino Rama	1,804,008	355,354	171,505
Amortization	637,828	672,227	-
	14,014,633	6,734,439	5,291,361
Annual surplus (deficit)	\$ (2,876,128)	\$ 3,645,276	\$ 2,284,271

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

Nigigoonsiminikaaning First Nation Consolidated Statement of Changes in Accumulated Surplus

For the year ended March 31	2017	2016
Accumulated surplus, beginning of year	\$ 12,958,296	\$ 10,742,532
Adjustment to trust equity	-	(68,507)
Accumulated surplus, beginning of year	12,958,296	10,674,025
Annual surplus	3,645,276	2,284,271
Accumulated surplus, end of year	\$ 16,603,572	\$ 12,958,296

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

For the year ended March 31	Budget	2017	2016
	(Note 18)		
Annual surplus (deficit)	\$ (2,876,128)	\$ 3,645,276	\$ 2,284,271
Net acquisition of tangible capital assets	-	(2,649,338)	(3,897,971)
Adjustment to trust equity	-	-	(68,507)
Amortization of tangible capital assets	637,828	672,227	417,018
Proceeds in excess of gain on asset disposal	-	28,318	-
	(2,238,300)	1,696,483	(1,265,189)
Use of prepaid expenses	-	(2,128)	(61,599)
Net changes in net assets (debt)	(2,238,300)	1,694,355	(1,326,788)
Net assets, beginning of year	970,516	970,516	2,297,304
Net assets (debt), end of year	\$ (1,267,784)	\$ 2,664,871	\$ 970,516

Nigigoonsiminikaaning First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2017	2016
Cash flows from operating activities		
Annual surplus	\$ 3,645,276	\$ 2,284,271
Items not affecting cash		
Gain on disposal of tangible capital assets	(4,205)	-
Amortization of tangible capital assets	672,227	417,018
Bad debt expense	30,852	26,209
Prior period adjustment	-	(68,507)
	<u>4,344,150</u>	<u>2,658,991</u>
Changes in non-cash working capital		
Accounts and loans receivable	(1,226,785)	(937,305)
Prepaid expense	(2,128)	(61,600)
Accounts payable	450,452	697,780
Deferred revenue	(10,348)	129,816
Government business enterprises	(180,500)	12,810
	<u>(969,309)</u>	<u>(158,499)</u>
	<u>3,374,841</u>	<u>2,500,492</u>
Cash flows from capital activities		
Proceeds from disposal of tangible capital assets	32,524	-
Purchase of tangible capital assets	(2,649,338)	(3,897,971)
	<u>(2,616,814)</u>	<u>(3,897,971)</u>
Cash flows from investing activities		
Advances to affiliated enterprises	30,465	-
Purchase of investments	85,204	(474,269)
Trust funds	(43,007)	49,995
	<u>72,662</u>	<u>(424,274)</u>
Cash flows from financing activities		
Advances of long-term debt	266,748	2,762,390
Repayment of long-term debt	(1,659,256)	(52,485)
	<u>(1,392,508)</u>	<u>2,709,905</u>
Net change in cash and cash equivalents	<u>(561,819)</u>	<u>888,152</u>
Cash and cash equivalents, beginning of year	<u>1,895,943</u>	<u>1,007,791</u>
Cash and cash equivalents, end of year	<u>\$ 1,334,124</u>	<u>\$ 1,895,943</u>
Supplementary information		
Interest received	\$ 21,329	\$ 17,871
Interest paid	\$ 11,561	\$ 13,655

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, 2017

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 5 to these consolidated financial statements.

Other long-term investments are reflected at cost as disclosed in Note 4.

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 5. 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, 2017

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, 2017

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, 2017

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, 2017

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>2017</u>	<u>2016</u>
Externally restricted		
Unspent Casino Rama revenue	\$ 635,056	\$ 1,245,023
Restricted by funding agreements	<u>1,029,082</u>	<u>509,186</u>
	<u>1,664,138</u>	<u>1,754,209</u>
Internally restricted		
Reserves	<u>144,020</u>	<u>130,635</u>
Unrestricted		
Operating	<u>(474,034)</u>	<u>11,099</u>
Total cash and cash equivalents	<u>\$ 1,334,124</u>	<u>\$ 1,895,943</u>

Nigigoonsiminikaaning First Nation Notes to Consolidated Financial Statements

March 31, 2017

2. Accounts and Loans Receivable

	2017	2016
Accounts receivable	\$ 2,574,578	\$ 1,432,796
Rental housing/satellite dish recovery	470,962	396,106
Advances to band members	10,990	842
	3,056,530	1,829,744
Allowance for doubtful accounts	532,175	501,322
	\$ 2,524,355	\$ 1,328,422

3. Advances to Affiliated Companies

	Payment terms	Interest rate	2017	2016
Senic River Mall Inc.	unspecified	unspecified	\$ 92,743	\$ 92,743
Nanicoast Ltd.	unspecified	unspecified	60,648	50,648
Little Otter Contracting LP	unspecified	unspecified	(5,732)	-
Little Otter Logging LP	unspecified	unspecified	233,184	266,748
Little Otter Economic Development Corporation	unspecified	unspecified	-	1,169
			\$ 380,843	\$ 411,308

All amounts due from affiliated companies are unsecured.

4. Portfolio Investments

	2017	2016
Boundary Waters Anishinaabeg Development LP	\$ 80,922	\$ 80,922
Rainy Lake Tribal Development Corporation	100,000	279,986
Rainy Lake Tribal Resource Management Inc.	7,035	7,035
Nanicoast Ltd.	7,389	7,389
Securities	2,549,425	2,479,437
Senic River Mall Inc.	10	(24,784)
	\$ 2,744,781	\$ 2,829,985

Portfolio investments are valued at cost. Fair market value of securities as of March 31, 2017 is \$2,789,726 (2016 is \$2,375,605). The fair market value of all other investments approximate their costs.

Nigigoonsiminikaaning First Nation Notes to Consolidated Financial Statements

March 31, 2017

5. Government Business Enterprises and Partnerships, at modified equity

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.

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 and ventures 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.

Nigigoonsiminikaaning First Nation
Notes to Consolidated
Financial Statements

March 31, 2017

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

Percentage ownership	Little Otter Economic Development Corporation				Little Otter Economic Development, LP		Dallan Holdings Inc.		Dallan Holdings, LP		Dallan Fort William, LP		Total
	100%				99.99%		33.33%		33.33%		33.33%		
Carrying value, March 31, 2015	\$	173,741	\$	(21,281)	\$		100	\$	904	\$	203,875	\$	357,339
Purchase of shares/units	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of net income	93,017	-	-	-	-	-	14	738,277	635,145	-	-	-	1,466,453
Changes in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Other adjustments	(266,748)	-	-	-	-	-	-	-	-	-	-	-	(266,748)
Carrying value, March 31, 2016	10	(21,281)	114	739,181	839,020	1,557,044							
Purchase of shares/units	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of net income	-	42,020	13	592,458	321,868	956,359							
Changes in capital	-	-	-	(490,000)	-	(490,000)							
Other adjustments	(10)	-	-	(81,974)	(203,875)	(285,859)							
Carrying value, March 31, 2017	-	\$	20,739	\$	759,665	\$	127	\$	957,013	\$	1,737,544		

Nigigoonsiminikaaning First Nation

Notes to Consolidated Financial Statements

March 31, 2017

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

	Little Otter Economic Development Corporation	Little Otter Economic Development, LP	Dallan Holdings, Inc	Dallan Holdings, LP	Dallan Fort Willam, LP	2017 Total	2016 Total
Financial position							
Current assets	\$ -	\$ 250,191	\$ 309	\$ 7,329	\$ 1,997,880	\$ 2,255,709	\$ 1,409,536
Long-term assets	206,686	5,732	600,493	7,795,666	2,150,992	10,759,569	8,505,904
	206,686	255,923	600,802	7,802,995	4,148,872	13,015,278	9,915,440
Current liabilities	-	2,000	600,419	2,572,132	697,209	3,871,760	2,044,986
Long-term liabilities	206,676	233,184	-	2,564,330	663,765	3,667,955	2,993,706
	206,676	235,184	600,419	5,136,462	1,360,974	7,539,715	5,038,692
Share/unit capital	10	10,000	300	100	100	10,510	2,552,316
Net equity (deficit), end of year	-	10,739	83	2,666,433	2,787,798	5,465,053	2,324,432
	10	20,739	383	2,666,533	2,787,898	5,475,563	4,876,748
	\$ 206,686	\$ 255,923	\$ 600,802	\$ 7,802,995	\$ 4,148,872	\$ 13,015,278	\$ 9,915,440
Results of operations						2017	2016
Revenues	\$ -	\$ 82,946	\$ 46	\$ 1,467,477	\$ 5,769,103	\$ 7,319,572	\$ 6,821,562
Operating expenses	-	72,207	6	1,158,724	5,172,559	6,403,496	4,666,881
Net income (loss)	-	10,739	40	308,753	596,544	916,076	2,154,681
Net equity (deficit), beginning of year	-	-	43	2,357,680	2,191,254	4,548,977	169,751
Net equity (deficit), end of year	\$ -	\$ 10,739	\$ 83	\$ 2,666,433	\$ 2,787,798	\$ 5,465,053	\$ 2,324,432

Nigigoonsiminikaaning First Nation Notes to Consolidated Financial Statements

March 31, 2017

6. Trust Funds Investments Held

	Balance March 31, 2016	Additions 2017	Withdrawals 2017	Balance March 31, 2017
Capital	\$ 174,884	\$ -	\$ -	\$ 174,884
Revenue	47,971	10,930	-	58,901
Rainy River District First Nations Trust	50,494	32,077	-	82,571
	\$ 273,349	\$ 43,007	\$ -	\$ 316,356

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, 2017

7. Deferred Revenue

	Balance March 31, 2016	Funding Received 2017	Revenue Recognized 2017	Balance March 31, 2017
Federal Government				
Capital projects	\$ 353,495	\$ 552,000	\$ 206,464	\$ 699,031
Education	75,968	377,040	151,398	301,610
	429,463	929,040	357,862	1,000,641
Other				
Casino Rama	1,245,023	531,346	1,141,313	635,056
Weechi-it-te-win	-	80,688	52,247	28,441
	1,245,023	612,034	1,193,560	663,497
	\$ 1,674,486	\$ 1,541,074	\$ 1,551,422	\$ 1,664,138

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.

Weechi-it-te-win

Weechi-it-te-win advanced the First Nation funding relating to community care programs. This funding is to be spent on expenditures for these 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, 2017

8. Long-term Debt

	2017	2016
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 \$872,650.	\$ 574,457	\$ 603,994
CMHC mortgage with interest at 1.08%, repayable in monthly instalments of \$1,525 principal and interest, maturing June 2020. Carrying value of the secured asset is \$177,572.	225,902	241,905
CMHC mortgage with interest at 1.64% repayable in monthly instalments of \$944 principal and interest, maturing May 2017. Carrying value of the secured asset is \$336,161.	149,171	158,211
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, 2017.	1,424,463	2,762,390
	\$ 2,542,601	\$ 3,935,108

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
2018	\$ 1,474,083	\$ 20,813	\$ 1,494,896
2019	54,754	10,428	65,182
2020	224,020	9,771	233,791
2021	56,078	9,105	65,183
2022	56,752	8,431	65,183
Thereafter	676,914	47,329	724,243
	\$ 2,542,601	\$ 105,877	\$ 2,648,478

	2017	2016
Interest expense for the year on long-term debt	\$ 11,561	\$ 13,655

Nigigoonsiminikaaning First Nation Notes to Consolidated Financial Statements

March 31, 2017

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, 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
Allocation to restricted funds	1,730	-	2,550	2,550	6,555	13,385
Balance March 31, 2017	\$ 9,048	\$ 17,496	\$ 30,819	\$ 28,227	\$ 58,430	\$ 144,020

CMHC requires that the replacement reserve be fully funded at the end of the fiscal year. The total CMHC replacement reserve is \$117,476. The amount held in a restricted bank account in relation to this reserve is \$130,730; therefore, the reserve is over funded by \$13,254 as of March 31, 2017.

10. Accumulated Surplus

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

	2017	2016
Investment in tangible capital assets		
Tangible capital assets	\$ 13,598,525	\$ 7,708,766
Tangible capital assets under construction	213,037	4,154,003
Debt relating to tangible capital assets	(2,373,993)	(3,766,500)
Total investment in tangible capital assets	11,437,569	8,096,269
Operations	4,777,292	4,488,149
Equity in trusts	244,691	243,243
Replacement reserves	144,020	130,635
	\$ 16,603,572	\$ 12,958,296

Nigigoonsiminikaaning First Nation
Notes to Consolidated Financial Statements

March 31, 2017

11. Tangible Capital Assets

	2017					
	Buildings	Infrastructure	Vehicles	Roads	Housing	Other
						Total
Cost, beginning of year	\$ 2,519,679	\$ 6,040,812	\$ 366,445	\$ 754,351	\$ 3,897,969	\$ 13,921,573
Additions	6,163,250	-	115,291	-	-	6,590,304
Disposals	-	-	(76,336)	-	-	(76,336)
Cost, end of year	8,682,929	6,040,812	405,400	754,351	3,897,969	20,435,541
Accumulated amortization, beginning of year	1,746,264	1,544,524	294,538	358,839	1,929,252	6,212,807
Amortization	337,534	123,117	41,459	15,085	129,813	672,227
Disposals	-	-	(48,018)	-	-	(48,018)
Accumulated amortization, end of year	2,083,798	1,667,641	287,979	373,924	2,059,065	6,837,016
Net carrying amount, end of year	\$ 6,599,131	\$ 4,373,171	\$ 117,421	\$ 380,427	\$ 1,838,904	\$ 13,598,525

The net book value of tangible capital assets not being amortized because they are under construction is \$213,037 (2016 - \$4,154,003). These items are recognized separately as tangible capital assets under construction in the consolidated statement of financial position. This relates to the new head start building, water treatment plant upgrades, and the emergency road.

Nigigoonsiminikaaning First Nation Notes to Consolidated Financial Statements

March 31, 2017

12. Commitments and Contingencies

Through Council Resolutions, the First Nation has guaranteed two loans for band members. The total amount of these guarantees is \$219,069 (2016- \$231,523). 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 2017 were \$62,740.

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, 2017.

At March 31, 2017, 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 2017 was \$194,149 (2016 - \$96,074).

17. Expenditure by Object

	2017	2016
Salaries, wages and employee benefits	\$ 2,081,307	\$ 2,047,794
Materials and supplies	2,137,533	1,191,903
Contracted services	1,282,336	970,192
Rents and financial expenses	223,288	350,853
Travel	337,748	315,331
Amortization	672,227	415,288
	<u>\$ 6,734,439</u>	<u>\$ 5,291,361</u>

Nigigoonsiminikaaning First Nation Notes to Consolidated Financial Statements

March 31, 2017

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>2017</u>
Financial Plan (budget) by-law deficit for the year	\$ 215,042
Less:	
Transfers	(858,639)
Deferred revenue	(1,594,703)
Amortization	<u>(637,828)</u>
Budget deficit per consolidated statement of operations	<u>\$ (2,876,128)</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, 2017

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 2017 Segment Disclosure

March 31, 2017	Band Support	Operations Maintenance	Education	Medical and Health	Capital	Other	Total
Revenue							
INAC	\$ 323,322	\$ 60,400	\$ 1,804,520	\$ -	\$ 801,141	\$ 93,879	\$ 3,083,262
Canada	-	-	-	377,085	-	2,296,918	2,674,003
Ontario	-	-	-	-	-	1,643,049	1,643,049
Casino Rama	-	-	-	-	-	531,346	531,346
Trust income	10,929	-	-	-	-	-	10,929
Other Aboriginal organizations	-	11,839	25,423	100,877	7,466	907,415	1,053,020
Interest, rentals and other	150,467	48,186	-	-	109,750	107,581	415,984
Administration	337,611	-	(73,284)	(33,946)	-	(230,381)	-
Transfers	40,000	20,560	-	(18,571)	-	(41,989)	-
Economic development revenue	-	-	-	-	-	957,774	957,774
Deferred revenue, beginning of year	862,329	140,985	1,756,659	425,445	918,357	6,265,592	10,369,367
Deferred revenue, end of year	-	-	75,968	-	353,496	1,245,023	1,674,487
	-	-	(301,610)	-	(699,032)	(663,497)	(1,664,139)
	862,329	140,985	1,531,017	425,445	572,821	6,847,118	10,379,715
Expenditures							
Salaries, wages and benefits	414,722	28,013	415,937	284,413	33,799	904,423	2,081,307
Materials, supplies and capital	172,312	129,592	82,356	34,535	524,022	1,194,716	2,137,533
Contracted services	-	-	924,941	94,291	-	263,104	1,282,336
Rents and financial expenses	186,729	-	-	2,698	-	33,861	223,288
Travel	90,347	-	146,042	9,534	-	91,825	337,748
Amortization	672,227	-	-	-	-	-	672,227
	1,536,337	157,605	1,569,276	425,471	557,821	2,487,929	6,734,439
Excess (deficiency) of revenue over expenditures	\$ (674,008)	\$ (16,620)	\$ (38,259)	\$ (26)	\$ 15,000	\$ 4,359,189	\$ 3,645,276

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	-	1,393,876	1,719,581
Ontario	-	-	-	-	-	904,596	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	-	-	(48,009)	(20,000)	(268,286)	-
Transfers	-	29,371	(79,370)	(5,682)	-	55,681	-
Economic development revenue	-	-	-	-	-	804,286	804,286
	1,196,857	120,679	1,361,923	375,642	165,271	4,501,075	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	375,642	91,956	4,504,543	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	\$ (6,510)	\$ (43,535)	\$ 2,269,268	\$ 2,284,271