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**PRIVATE AND CONFIDENTIAL**  
**Aboriginal Affairs and Northern Development Canada**  
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Sudbury ON P3C 1S8

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JUL 29 2015

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July 28, 2015

Dear Sir or Madam:

**Nipissing First Nation**

Please find enclosed a copy of the following documents in regards to the above-noted First Nation's March 31, 2015 year end:

- Consolidated Financial Statements
- Schedule of Remuneration and Expenses – Chief and Council
- Revenue and Expenses – Aboriginal Affairs and Northern Development Canada

We trust this is satisfactory. Should you have any questions or require any additional information, please do not hesitate to contact our office.

Yours very truly

Donald M. Garrioch, FCPA, FCA  
Partner

/lb

*Enclosures:*

Consolidated Financial Statements of

# **NIPISSING FIRST NATION**

Year ended March 31, 2015

## **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.

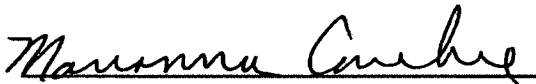
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management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



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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, 2015, 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, 2015, and its consolidated results of operations and the 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.

### *Other Matter*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the schedules is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

July 21, 2015

North Bay, Canada

# NIPISSING FIRST NATION

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Year ended March 31, 2015

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## **Consolidated Financial Statements**

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# NIPISSING FIRST NATION

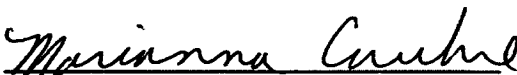
## Exhibit A - Consolidated Statement of Financial Position

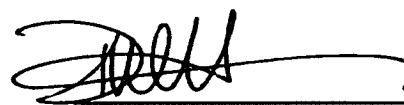
March 31, 2015, with comparative information for 2014

	2015	2014
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 5,194,792	\$ 4,275,974
Short-term investments (note 3)	3,029,698	3,194,466
Accounts and grants receivable (note 4)	1,977,658	1,897,181
Housing mortgages and other long-term receivables (note 5)	4,622,822	4,749,753
Restricted assets - Nipissing 2013 Boundary Claim Trust (note 6)	85,824,864	83,267,197
Funds held in trust by the Government of Canada (note 7)	290,779	290,779
	<u>100,940,613</u>	<u>97,675,350</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities (note 8)	2,726,320	2,062,054
Prepaid leases	159,186	143,315
Deferred program revenue (note 9)	3,130,963	3,358,363
Obligation under capital lease (note 10)	-	5,658
Long-term debt (note 11)	6,259,379	4,310,545
	<u>12,275,848</u>	<u>9,879,935</u>
<b>Net financial assets</b>	<b>88,664,765</b>	<b>87,795,415</b>
<b>Non-financial assets:</b>		
Tangible capital assets (note 12)	36,451,309	35,671,125
Prepaid expenses	99,601	115,211
	<u>36,550,910</u>	<u>35,786,336</u>
<b>Commitments and contingent liabilities (notes 13)</b>		
<b>Accumulated surplus (note 14)</b>	<b>\$ 125,215,675</b>	<b>\$ 123,581,751</b>

See accompanying notes to consolidated financial statements.

Approved:

  
Chief

  
Chief Executive Officer

# NIPISSING FIRST NATION

## Exhibit B - Consolidated Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Aboriginal Affairs and Northern Development Canada (note 15)	\$ 8,489,817	\$ 9,556,690
Other	5,710,498	5,009,220
Health Canada	1,640,892	1,647,914
Ministry of Community and Social Services	1,663,432	1,584,717
Ontario First Nations Limited Partnership	1,131,558	1,102,526
Ministry of Education	443,039	412,707
Other Provincial	1,198,876	1,092,959
Union of Ontario Indians	717,605	615,284
Canada Mortgage and Housing Corporation	200,824	176,796
Northern Diabetes Health Network Corporation	-	13,718
	21,196,541	21,212,531
Expenses:		
Education	6,360,641	6,424,640
Other	2,971,539	2,800,081
Community Operations	4,144,710	3,216,693
Health Services	2,834,816	2,560,131
Social Services	2,392,779	2,176,115
Capital	1,574,117	1,351,909
First Nation Enterprises	604,110	558,906
Housing	447,933	401,588
	21,330,645	19,490,063
Annual surplus (deficit) from operations before the undernoted	(134,104)	1,722,468
Gain (loss) on sale of tangible capital assets	(1,793)	58,040
Vacation expense	(18,688)	(13,103)
	(154,585)	1,767,405
The Nipissing 2013 Boundary Claim Trust:		
Aboriginal Affairs and Northern Development Canada revenue	-	123,674,730
Investment income	3,332,835	98,190
Per capita distributions	(569,090)	(40,480,106)
Other expenses	(975,236)	(128,342)
	1,788,509	83,164,472
<b>Annual surplus</b>	<b>1,633,924</b>	<b>84,931,877</b>
Accumulated surplus, beginning of year	123,581,751	38,649,874
<b>Accumulated surplus, end of year</b>	<b>\$ 125,215,675</b>	<b>\$ 123,581,751</b>

See accompanying notes to consolidated financial statements.



# NIPISSING FIRST NATION

## Exhibit C - Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Annual surplus	\$ 1,633,924	84,931,877
Acquisition of tangible capital assets	(2,302,324)	(1,286,856)
Amortization of tangible capital assets	1,501,347	1,459,993
(Gain) loss on sale of tangible capital assets	1,793	(58,040)
Proceeds on sale of tangible capital assets	19,000	58,040
	853,740	85,105,014
Change in prepaid expenses	15,610	(46,002)
Change in net financial assets	869,350	85,059,012
Net financial assets, beginning of year	87,795,415	2,736,403
<b>Net financial assets, end of year</b>	<b>\$ 88,664,765</b>	<b>\$ 87,795,415</b>

See accompanying notes to consolidated financial statements.

# NIPISSING FIRST NATION

## Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Operating activities:		
Annual surplus	\$ 1,633,924	\$ 84,931,877
Adjustments for non-cash items:		
Amortization of tangible capital assets	1,501,347	1,459,993
(Gain) loss on sale of tangible capital assets	1,793	(58,040)
Changes in non-cash working capital:		
(Increase) decrease in accounts and grants receivable	(80,477)	34,848
Increase (decrease) in accounts payable and accrued liabilities	664,266	(78,983)
Increase in prepaid leases	15,871	9,264
Decrease in deferred program revenue	(227,400)	(687,609)
Decrease (increase) in prepaid expenses	15,610	(46,002)
	3,524,934	85,565,348
Capital activities:		
Acquisition of tangible capital assets	(2,302,324)	(1,286,856)
Proceeds on sale of tangible capital assets	19,000	58,040
	(2,283,324)	(1,228,816)
Financing activities:		
Principal payments on long-term debt	(1,029,166)	(425,063)
Repayment of obligation under capital lease	(5,658)	(83,051)
Proceeds on issuance of long-term debt	2,978,000	730,965
	1,943,176	222,851
Investing activities:		
Increase in restricted investments	(2,557,667)	(83,267,197)
Housing mortgages and other long-term receivables	126,931	(84,190)
Decrease in short-term investments	164,768	142,422
	(2,265,968)	(83,208,965)
<b>Increase (decrease) in cash</b>	<b>918,818</b>	<b>1,350,418</b>
Cash and cash equivalents, beginning of year	4,275,974	2,925,556
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,194,792</b>	<b>\$ 4,275,974</b>

See accompanying notes to consolidated financial statements.

# NIPISSING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

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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

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 measureable. Expenses are recognized as they are incurred and measureable 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.

# NIPISSING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

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

(d) Deferred revenue:

Deferred revenue consists of restricted funding from Aboriginal Affairs and Northern Development 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 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.

# NIPISSING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

### 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.

# NIPISSING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

### 2. Consolidated entities:

Summarized financial information for the wholly-owned trust and incorporated entities is as follows:

	NFN Solar LP	Boundary Claim Trust	1073059 Ontario Inc.	N'Bisiing Forestry Inc.	Land Claims Settlement Trust	Total 2015	Total 2014
<b>Financial position</b>							
Current asset	\$ 40,467	4,895,853	14,438	3,243	606,791	\$ 5,560,792	\$ 19,269,807
Long-term assets	-	78,713,451	750,001	-	-	79,463,452	65,614,963
Capital assets	656,091	-	2,154,073	-	-	2,810,164	1,924,073
Total assets	696,558	83,609,304	2,918,512	3,243	606,791	87,834,408	86,808,843
Current liabilities	719,897	871,888	1,674,122	846,145	117,001	4,229,053	2,757,681
Total liabilities	719,897	871,888	1,674,122	846,145	117,001	4,229,053	2,757,681
Net assets (deficiency)	\$ (23,339)	82,737,416	1,244,390	(842,902)	489,790	\$ 83,605,355	\$ 84,051,162
<b>Results of operations:</b>							
Revenues	\$ 19,736	3,332,835	29,855	9,594	11,691	\$ 3,403,711	\$125,235,515
Expenses	31,930	1,544,326	29,855	8,342	19,507	1,633,960	40,681,039
Net income (loss)	\$ (12,194)	1,788,509	-	1,252	(7,816)	\$ 1,769,751	\$84,554,476

### 3. Short-term investments:

Short-term investments consist of the following:

	2015	2014
Term deposits	\$ 2,797,832	\$ 2,694,466
Bonds	231,866	500,000
	\$ 3,029,698	\$ 3,194,466

Term deposits consist of guaranteed investment certificates with maturities ranging from 2015 to 2017 and bear interest at rates ranging from 1.30 to 1.75%. Bonds consist of investments in various Province of Ontario bonds with maturities ranging from 2016 to 2023 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 \$ 2,797,832 (2014 - \$2,757,639) of short-term investments is restricted in use and is to be expended on community development, health, education, economic development and cultural development.

# NIPISSING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

### 4. Accounts and grants receivable:

	2015	2014
Other	\$ 365,541	\$ 306,710
Aboriginal Affairs and Northern Development Canada	255,553	551,181
Land leasing	106,998	146,377
Nipissing Parry-Sound Catholic District Separate School Board	365,816	474,744
Health Canada	199,722	21,150
Near North District School Board	615,075	188,223
Union of Ontario Indians	151,962	134,635
Band operated apartments	52,586	33,735
Canada Revenue Agency	32,190	21,122
Ontario Works clients	76,839	93,229
Canada Mortgage and Housing Corporation	-	3,606
Ministry of Health and Long-Term Care	19,690	24,031
N'Biising Forestry Inc. trade receivables	3,243	2,444
Ontario Trillium Foundation	-	149,400
Northern Ontario Heritage Fund	13,284	-
Ministry of Community and Social Services	52,239	14,661
Ministry of Natural Resources	-	27,000
	2,310,738	2,192,248
Less: Allowance for doubtful accounts	(333,080)	(295,067)
	\$ 1,977,658	\$ 1,897,181

### 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%.

	2015	2014
Housing mortgages	\$ 3,843,525	\$ 4,004,663
Fur Dresser building mortgage	750,001	833,334
First Nations Finance Authority debt reserve fund	117,540	-
	4,711,066	4,837,997
Provision for loan impairment – housing mortgages	(88,244)	(88,244)
	\$ 4,622,822	\$ 4,749,753

# NIPISSING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

### 6. Restricted Assets – Nipissing 2013 Boundary Claim Trust

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

	Cost - December 31, 2014	Market - December 31, 2014
Cash and cash equivalents	\$ 7,111,413	\$ 7,114,178
Investments:		
Bonds	33,739,625	34,409,102
Marketable securities	44,973,826	51,244,754
	78,713,451	85,653,856
	\$ 85,824,864	\$ 92,768,034
	Cost - December 31, 2013	Market - December 31, 2013
Cash and cash equivalents	\$ 18,485,568	\$ 18,486,568
Investments:		
Bonds	24,646,452	24,507,903
Marketable securities	40,135,177	41,668,940
	64,781,629	66,176,843
	\$ 83,267,197	\$ 84,663,411

Included in bonds are various Federal, Provincial and Corporate Bonds maturing from 2016 - 2025 with interest rates ranging from 1.45% - 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, 2014, and there have been no significant changes as of March 31, 2015.

The cost and market value of investments at March 31, 2015 was \$84,506,316 and \$95,031,914 (2014 - \$83,184,498 and \$86,606,860 respectively).



# NIPISSING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

### 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.

	2015	2014
Balance, beginning of year	\$ 290,779	\$ 290,779
Interest income	8,195	-
Withdrawals	(8,195)	-
Balance, end of year	\$ 290,779	\$ 290,779

### 8. Accounts payable and accrued liabilities:

	2015	2014
Miscellaneous	\$ 484,944	\$ 538,877
Educational institutions	594,155	593,056
Repayable funding	230,396	282,082
Personnel liabilities	522,086	439,301
Prosperi Co. Ltd.	-	123,032
Nipissing Band of Ojibways Land Settlement Trust - supplier accounts payable	19,431	5,500
1073059 Ontario Inc. supplier accounts payable	1,500	1,500
N'Bisiing Forestry Inc. supplier accounts payable	1,920	1,388
Boundary Claim Trust supplier accounts payable	871,888	77,318
	\$ 2,726,320	\$ 2,062,054

# NIPISSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2015

## 9. Deferred program revenue:

	2015	2014
<b>Education Programs:</b>		
SAPSCU	\$ 38,029	\$ 10,078
<b>Capital Programs:</b>		
Housing and Infrastructure	2,664,649	3,027,610
RRAP Grants	26,413	-
<b>Health Services:</b>		
Community Health Illness and Injury Prevention	17,638	8,999
Lawrence Commanda Health Centre	-	122,038
Early Childhood Development	3,455	1,513
Health Planning and Quality Management	270,331	108,050
Canada Prenatal Nutrition Program	360	-
Aboriginal Diabetes Initiative	3,076	16,227
Home and Community Care	59,778	39,429
Maternal Child Health	12,645	4,879
Operations and Maintenance	-	4,595
<b>Other Programs:</b>		
Ontario Women's Directorate	34,589	14,945
	<b>\$ 3,130,963</b>	<b>\$ 3,358,363</b>

## 10. Obligation under capital lease:

The First Nation has financed certain school buses by entering into a capital lease arrangement. Capital lease repayments are due as follows:

	2015	2014
Total minimum lease payments at March 31	\$ -	\$ 5,682
Less amount representing interest at 5.28%	-	(24)
Present value of net minimum capital lease payments	\$ -	\$ 5,658

Interest of \$24 (2014 - \$2,630) related to the capital lease obligation is included in the consolidated statement of operations.

# NIPISSING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

### 11. Long-term debt:

	2015	2014
CMHC Phase 8 loan, construction loan with a term to be determined at the interest adjustment date	\$ 340,000	\$ -
Cockburn Road Apartment Complex loan payable \$2,784 monthly including principal and interest at 2.69%, unsecured, maturing August, 2015	299,176	324,950
Duchesnay Apartment Complex loan, payable \$2,541 monthly including principal and interest at 2.26%, unsecured, maturing August, 2016	416,466	438,170
Margaret Drive Apartment Complex loan, payable \$4,438 monthly including principal and interest at 1.62%, unsecured, maturing March, 2018	483,931	529,701
CMHC Phase 5 loan, payable \$2,682 monthly including principal and interest at 2.56%, unsecured, maturing December, 2015	416,949	439,168
CMHC Phase 6 loan, payable \$2,852 monthly including principal and interest at 2.26%, unsecured, maturing August, 2016	580,799	602,852
CMHC Phase 9 loan, payable \$1,026 monthly including principal and interest at 0.98%, unsecured, maturing March, 2020.	273,000	-
Garden Village Small Business Centre loan, payable \$5,234 monthly including principal and interest at 4.25%, unsecured, paid off during 2015	-	815,587
CMHC Phase 7 loan, payable \$5,181 monthly including principal and interest at 2.35%, unsecured, maturing September, 2018	1,122,743	1,160,117
First Nation Finance Authority debenture, payable \$10,821 monthly including principal and interest at 3.79%, unsecured, maturing June, 2024	2,298,842	-
Royal Bank of Canada loan, payable \$783 monthly including principal and interest at 3.75%, unsecured, maturing April, 2018.	27,473	-
	<b>\$ 6,259,379</b>	<b>\$ 4,310,545</b>

Total interest expense during the year amounted to \$ 199,455 (2014 - \$74,051).

The aggregate maturities of long-term debt for loans with fixed repayment terms for each of the five years subsequent to March 31, 2015 are as follows: 2016 - \$892,906; 2017 - \$1,092,201; 2018 - \$485,718; 2019 - \$1,060,932; 2020 - \$50,580 and thereafter - \$2,677,042.

# NIPISSING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

### 12. Tangible capital assets:

Cost	2014	Additions	Disposals	Transfers	2015
Land	\$ 1,559,470	107,800	-	-	1,667,270
Land improvements	457,908	28,268	-	-	486,176
Buildings	16,991,717	592,052	-	426,966	18,010,735
Machinery and equipment	1,141,236	5,261	-	-	1,146,497
Furniture and equipment	628,630	2,568	-	-	631,198
Books and resource materials	351,668	-	-	-	351,668
Computer equipment	444,237	34,653	-	-	478,890
Vehicles	1,905,820	213,340	(30,805)	375,797	2,464,152
Vehicles under capital lease	375,797	-	-	(375,797)	-
Roads, bridges and culverts	10,955,103	-	-	-	10,955,103
Water and waste water	14,282,135	-	-	-	14,282,135
Street lights and signs	24,664	24,611	-	-	49,275
Assets under construction	426,966	1,293,771	-	(426,966)	1,293,771
<b>Total</b>	<b>\$ 49,545,351</b>	<b>2,302,324</b>	<b>(30,805)</b>	<b>-</b>	<b>51,816,870</b>

Accumulated amortization	2014	Amortization expense	Disposals	Transfers	2015
Land improvements	\$ 335,118	7,664	-	-	342,782
Buildings	6,117,777	487,329	-	-	6,605,106
Machinery and equipment	946,561	59,228	-	-	1,005,789
Furniture and equipment	551,593	33,043	-	-	584,636
Books and resource materials	208,211	17,981	-	-	226,192
Computer equipment	323,199	37,188	-	-	360,387
Vehicles	821,413	251,788	(10,012)	219,839	1,283,028
Vehicles under capital lease	219,839	-	-	(219,839)	-
Roads, bridges and culverts	2,573,984	239,310	-	-	2,813,294
Water and waste water	1,775,504	364,736	-	-	2,140,240
Street lights and signs	1,027	3,080	-	-	4,107
<b>Total</b>	<b>\$ 13,874,226</b>	<b>1,501,347</b>	<b>(10,012)</b>	<b>-</b>	<b>15,365,561</b>

# NIPISSING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

### 12. Tangible capital assets (continued):

	Net book value 2014	Net book value 2015
Land	\$ 1,559,470	\$ 1,667,270
Land improvements	122,790	143,394
Buildings	10,873,940	11,405,629
Machinery and equipment	194,675	140,708
Furniture and equipment	77,037	46,562
Books and resource materials	143,457	125,476
Computer equipment	121,038	118,503
Vehicles	1,084,407	1,181,124
Vehicles under capital lease	155,958	-
Roads, bridges and culverts	8,381,121	8,141,809
Water and waste water	12,506,631	12,141,895
Street lights and signs	23,637	45,168
Assets under construction	426,966	1,293,771
<b>Total</b>	<b>\$ 35,671,125</b>	<b>\$ 36,451,309</b>

Cost	2013	Additions	Disposals	Transfers	2014
Land	\$ 1,213,155	346,315	-	-	1,559,470
Land improvements	437,908	20,000	-	-	457,908
Buildings	16,112,414	175,264	(110,428)	814,467	16,991,717
Machinery and equipment	1,129,736	11,500	-	-	1,141,236
Furniture and equipment	619,141	9,489	-	-	628,630
Books and resource materials	351,668	-	-	-	351,668
Computer equipment	404,014	40,223	-	-	444,237
Vehicles	1,815,152	178,672	(88,004)	-	1,905,820
Vehicles under capital lease	375,797	-	-	-	375,797
Roads, bridges and culverts	10,952,775	2,328	-	-	10,955,103
Water and waste water	14,230,700	51,435	-	-	14,282,135
Street lights and signs	-	24,664	-	-	24,664
Assets under construction	814,467	426,966	-	(814,467)	426,966
<b>Total</b>	<b>\$ 48,456,927</b>	<b>1,286,856</b>	<b>(198,432)</b>	<b>-</b>	<b>49,545,351</b>

# NIPISSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2015

## 12. Tangible capital assets (continued):

Accumulated amortization	2013	Amortization expense	Disposals	2014
Land improvements	\$ 328,661	6,457	-	335,118
Buildings	5,769,758	458,447	(110,428)	6,117,777
Machinery and equipment	885,014	61,547	-	946,561
Furniture and equipment	510,755	40,838	-	551,593
Books and resource materials	190,230	17,981	-	208,211
Computer equipment	289,968	33,231	-	323,199
Vehicles	723,215	186,202	(88,004)	821,413
Vehicles under capital lease	170,986	48,853	-	219,839
Roads, bridges and culverts	2,332,701	241,283	-	2,573,984
Water and waste water	1,411,377	364,127	-	1,775,504
Street lights and signs	-	1,027	-	1,027
<b>Total</b>	<b>\$ 12,612,665</b>	<b>1,459,993</b>	<b>(198,432)</b>	<b>13,874,226</b>

	Net book value 2013	Net book value 2014
Land	\$ 1,213,155	\$ 1,559,470
Land improvements	109,247	122,790
Buildings	10,342,656	10,873,940
Machinery and equipment	244,722	194,675
Furniture and equipment	108,386	77,037
Books and resource materials	161,438	143,457
Computer equipment	114,046	121,038
Vehicles	1,091,937	1,084,407
Vehicles under capital lease	204,811	155,958
Roads, bridges and culverts	8,620,074	8,381,119
Water and waste water	12,819,323	12,506,540
Street lights and signs	-	23,637
Assets under construction	814,467	426,966
<b>Total</b>	<b>\$ 35,844,262</b>	<b>\$ 35,671,125</b>

# NIPISSING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

### 13. Commitments and contingent liabilities:

- (a) The First Nation has been named as a defendant in three lawsuits with claims in the aggregate amount of \$2.9 million. Management believes the First Nation has valid defences for all claims and appropriate insurance coverage for \$2,500,000 of the amounts claimed. The outcome of these matters is not determinable and no provision has been made for them in the accounts.
- (b) The First Nation has guaranteed the housing loans of various members. Total loans guaranteed amount to \$4,351,919 (2014 - \$3,082,773).
- (c) The First Nation is disputing claims for payment related to services rendered by a regional school board. Management is of the opinion that payment has been made for all services rendered by the school board and that no further payment will be required. The amount in dispute is \$224,955. The dispute was settled subsequent to year end.

### 14. Accumulated surplus:

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

	2015	2014
<b>Reserves set aside by Council:</b>		
Bus replacement reserve	\$ 717,593	\$ 562,395
Education centre capital reserve	100,000	-
Education centre programming reserve	37,400	-
Health Services moveable capital asset reserve	(37,941)	(17,817)
<b>Reserve funds set aside by Council:</b>		
Senior's complex	26,950	26,300
CMHC apartment complex's	227,329	197,528
Funds held in trust by the Government of Canada	290,779	290,779
Enhancement funds	8,342,689	8,019,837
Boundary Claim Trust	2,240,972	25,214
<b>Externally Restricted</b>	<b>82,737,416</b>	<b>83,164,472</b>
<b>Unrestricted</b>	<b>30,532,488</b>	<b>31,313,043</b>
<b>Accumulated surplus</b>	<b>\$ 125,215,675</b>	<b>\$ 123,581,751</b>

# NIPISSING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

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### 15. Funding reconciliation:

The following is a reconciliation of funding received from the Aboriginal Affairs and Northern Development Canada (AANDC) funding confirmation to revenue reported in the consolidated statement of financial activity:

	2015	2014
AANDC revenue per consolidated financial statements	\$ 8,489,817	\$ 133,231,420
Less:		
Prior year deferred revenue	(10,078)	(219,568)
Add:		
Ending deferred revenue	38,029	10,078
AANDC revenue per funding confirmation	\$ 8,517,768	\$ 133,021,930

Included in accounts and grants receivable are \$255,553 (2014 - \$551,181) relating to contributions receivable from AANDC.

### 16. Economic dependence:

The First Nation receives a portion of its revenues pursuant to a funding arrangement with AANDC.

### 17. Employee future benefits:

The annual net expense for the First Nation's defined contribution pension plan was \$275,450 (2014 - \$220,950).

### 18. Budget information:

Budget information has not been presented.

### 19. Comparative information:

Certain 2014 comparative figures have been reclassified to conform with the presentation adopted in 2015.



# NIPISSING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

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### 20. 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, 2015

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## 20. 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

Year ended March 31, 2015

## 20. Segmented information:

	2015								
	Community Operations	Education	Capital	First Nation Enterprises	Social Services	Health Services	Housing	Other	Total 2015
Revenue:									
Aboriginal Affairs and Northern Development Canada	\$ 1,623,924	\$ 5,623,788	\$ 536,474	\$ -	\$ 170,816	\$ 32,583	\$ -	\$ 502,232	\$ 8,489,817
Other	1,415,913	856,180	1,037,285	1,129,380	77,693	77,653	333,736	782,658	5,710,498
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	1,131,558	1,131,558
Ministry of Education	-	-	-	-	443,039	-	-	-	443,039
Ministry of Community and Social Services	-	-	-	-	1,288,450	340,982	-	34,000	1,663,432
Health Canada	-	-	-	-	-	1,640,892	-	-	1,640,892
Other Provincial	64,566	-	24,900	4,000	-	638,440	-	466,970	1,198,876
Union of Ontario Indians	-	-	-	-	172,573	147,833	-	397,199	717,605
Canada Mortgage and Housing Corporation	-	-	22,783	-	-	-	178,041	-	200,824
Northern Diabetes Health Network Corporation	-	-	-	-	-	-	-	-	-
	3,104,403	6,479,968	1,621,442	1,133,380	2,152,571	2,878,383	511,777	3,314,617	21,196,541
Expenses:									
Materials and supplies	2,009,373	4,865,795	729,141	481,979	1,258,647	1,071,662	182,810	1,370,613	11,970,020
Salaries, wages and employee benefits	1,687,841	1,287,481	262,253	-	1,111,837	1,709,217	-	1,570,694	7,629,323
Amortization of tangible capital assets	416,995	205,883	582,723	-	22,295	53,937	189,282	30,232	1,501,347
Interest on long-term debt	30,501	1,482	-	122,131	-	-	75,841	-	229,955
	4,144,710	6,360,641	1,574,117	604,110	2,392,779	2,834,816	447,933	2,971,539	21,330,645
Net revenues (expenses) before the undernoted	(1,040,307)	119,327	47,325	529,270	(240,208)	43,567	63,844	343,078	(134,104)
Loss on sale of tangible capital assets	-	-	-	-	-	(1,793)	-	-	(1,793)
Vacation (expense) recovery	14,287	(5,914)	3,806	-	(112)	(19,305)	-	(11,450)	(18,688)
The Nipissing 2013 Boundary Claim Trust:									
Investment Income	-	-	-	-	-	-	-	3,332,835	3,332,835
Other expenses	-	-	-	-	-	-	-	(975,236)	(975,236)
Per capita distributions	-	-	-	-	-	-	-	(569,090)	(569,090)
Net revenues (expenses)	\$ (1,026,020)	\$ 113,413	\$ 51,131	\$ 529,270	\$ (240,320)	\$ 22,469	\$ 63,844	\$ 2,120,137	\$ 1,633,924

# NIPISSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2015

## 20. Segmented information:

	2014								
	Community Operations	Education	Capital	First Nation Enterprises	Social Services	Health Services	Housing	Other	Total 2014
Revenue:									
Aboriginal Affairs and Northern Development Canada	\$ 2,401,349	\$ 5,749,004	\$ 538,896	\$ -	\$ 162,220	\$ 31,982	\$ -	\$ 673,239	\$ 9,556,690
Other	860,010	865,399	716,314	1,139,174	172,506	50,419	328,215	877,183	5,009,220
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	1,102,526	1,102,526
Ministry of Education	-	-	-	-	412,707	-	-	-	412,707
Ministry of Community and Social Services	-	-	-	-	1,241,605	322,427	-	-	1,584,717
Health Canada	-	-	-	-	-	1,638,779	-	20,685	1,584,717
Other Provincial	-	-	-	-	-	9,135	-	9,135	1,647,914
Union of Ontario Indians	69,109	-	224,100	3,005	3,859	538,467	-	254,419	1,092,959
Canada Mortgage and Housing Corporation	-	-	-	-	169,467	63,039	-	382,778	615,284
Northern Diabetes Health Network Corporation	-	-	-	-	-	-	176,796	-	176,796
	3,330,468	6,614,403	1,479,310	1,142,179	2,162,364	2,658,831	505,011	3,319,965	21,212,531
Expenses:									
Materials and supplies	1,227,933	4,809,587	526,167	558,165	1,061,397	916,002	137,458	1,295,769	10,532,478
Salaries, wages and employee benefits	1,576,038	1,401,266	284,606	741	1,092,824	1,591,241	323	1,440,717	7,387,756
Amortization of tangible capital assets	412,722	213,787	541,136	-	21,894	52,888	189,282	28,284	1,459,993
Interest on long-term debt and obligations under capital lease	-	-	-	-	-	-	74,525	35,311	109,836
	3,216,693	6,424,640	1,351,909	558,906	2,176,115	2,560,131	401,588	2,800,081	19,490,063
Net revenues (expenses) before the undernoted	113,775	189,763	127,401	583,273	(13,751)	98,700	103,423	519,884	1,722,468
Gain on sale of tangible capital assets	-	-	3,040	-	-	-	55,000	-	58,040
Vacation (expense) recovery	(496)	6,892	587	-	2,109	(11,997)	-	(10,198)	(13,103)
The Nipissing 2013 Boundary Claim Trust:									
Aboriginal Affairs and Northern Development Canada revenues	-	-	-	-	-	-	-	123,674,730	123,674,730
Investment Income	-	-	-	-	-	-	-	98,190	98,190
Other expenses	-	-	-	-	-	-	-	(128,342)	(128,342)
Per capita distributions	-	-	-	-	-	-	-	(40,480,106)	(40,480,106)
Net revenues (expenses)	\$ 113,279	\$ 196,655	\$ 131,028	\$ 583,273	\$ (11,642)	\$ 86,703	\$ 158,423	\$ 83,674,158	\$ 84,931,877