

Consolidated Financial Statements of

NIPISSING FIRST NATION

And Independent Auditors' Report thereon

Year ended March 31, 2020

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.

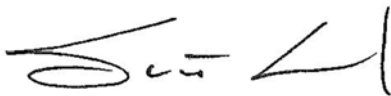
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management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

Opinion

We have audited the consolidated financial statements of Nipissing First Nation (the "First Nation"), which comprise:

- the consolidated statement of financial position as at March 31, 2020
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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



Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group First Nation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada
October 20, 2020

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Year ended March 31, 2020

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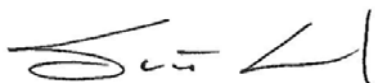
Exhibit A - Consolidated Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash and cash equivalents	\$ 24,392,178	\$ 15,962,346
Short-term investments (note 3)	3,945,094	3,579,442
Accounts and grants receivable (note 4)	3,088,151	3,017,301
Housing mortgages and other long-term receivables (note 5)	9,376,071	7,214,281
Restricted assets - Nipissing 2013 Boundary Claim Trust (note 6)	82,624,826	84,258,425
Funds held in trust by the Government of Canada (note 7)	290,779	290,779
	123,717,099	114,322,574
Financial liabilities		
Accounts payable and accrued liabilities (note 8)	6,771,702	5,267,292
Prepaid leases	85,502	185,489
Deferred program revenue (note 9)	6,383,046	3,199,051
Long-term debt (note 10)	6,418,578	6,726,664
	19,658,828	15,378,496
Net financial assets	104,058,271	98,944,078
Non-financial assets		
Tangible capital assets (note 11)	47,754,954	46,230,602
Prepaid expenses	184,587	65,690
	47,939,541	46,296,292
Commitments and contingent liabilities (notes 12)		
Effects of COVID-19 (note 18)		
Accumulated surplus (note 13)	\$ 151,997,812	\$ 145,240,370

See accompanying notes to consolidated financial statements.

Approved:



Chief



Chief Executive Officer

NIPISSING FIRST NATION

Exhibit B - Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Indigenous Services Canada (note 14)	\$ 6,898,985	\$ 3,709,253
Other	9,606,163	9,175,219
Health Canada	-	2,016,687
Ministry of Community and Social Services	2,018,683	1,903,414
Ontario First Nations Limited Partnership	1,436,289	1,656,273
Ministry of Education	653,172	661,093
Other provincial	4,597,690	3,605,960
Kinoomaadziwin Education Body	6,065,688	5,289,965
Union of Ontario Indians (note 15)	1,276,300	987,696
Canada Mortgage and Housing Corporation	287,068	251,311
	32,840,038	29,256,871
Expenses:		
Education	6,530,615	6,519,641
Other	5,462,442	3,670,037
Community Operations	5,043,027	4,600,819
Health Services	8,212,881	6,617,407
Social Services	3,325,469	3,325,602
Capital	1,787,912	1,518,766
First Nation Enterprises	772,760	614,985
Housing	582,474	576,613
	31,717,580	27,443,870
Excess of revenue over expenses before the undernoted	1,122,458	1,813,001
Loss on disposal of tangible capital assets	-	(2,954)
Vacation expense	20,808	(18,059)
	1,143,266	1,791,988
The Nipissing 2013 Boundary Claim Trust:		
Investment income	7,502,788	5,865,744
Per capita distributions	(483,610)	(736,455)
Nipissing First Nation expenditures	(902,607)	(387,568)
Other expenses	(502,395)	(515,107)
	5,614,176	4,226,614
Annual surplus	6,757,442	6,018,602
Accumulated surplus, beginning of year	145,240,370	139,221,768
Accumulated surplus, end of year	\$ 151,997,812	\$ 145,240,370

See accompanying notes to consolidated financial statements.

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Exhibit C - Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 6,757,442	6,018,602
Acquisition of tangible capital assets	(4,027,047)	(5,175,770)
Amortization of tangible capital assets	2,391,126	2,108,734
Loss on disposal of tangible capital assets	-	2,954
Proceeds on disposal of tangible capital assets	111,569	-
	5,233,090	2,954,520
Change in prepaid expenses	(118,897)	79,101
Change in net financial assets	5,114,193	3,033,621
Net financial assets, beginning of year	98,944,078	95,910,457
Net financial assets, end of year	\$ 104,058,271	\$ 98,944,078

See accompanying notes to consolidated financial statements.

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Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Operating activities:		
Annual surplus	\$ 6,757,442	\$ 6,018,602
Adjustments for non-cash items:		
Amortization of tangible capital assets	2,391,126	2,108,734
Loss on disposal of tangible capital assets	-	2,954
	9,148,568	8,130,290
Changes in non-cash working capital:		
Increase in accounts and grants receivable	(70,850)	(309,660)
Increase in accounts payable and accrued liabilities	1,504,410	1,915,342
Decrease in prepaid leases	(99,987)	(33,100)
Increase in deferred program revenue	3,183,995	1,734,052
Decrease (increase) in prepaid expenses	(118,897)	79,101
	13,547,239	11,516,025
Capital activities:		
Acquisition of tangible capital assets	(4,027,047)	(5,175,770)
Proceeds on disposal of tangible capital assets	111,569	-
	(3,915,478)	(5,175,770)
Financing activities:		
Principal payments on long-term debt	(308,086)	(291,653)
Proceeds on issuance of long-term debt	-	1,466,000
	(308,086)	1,174,347
Investing activities:		
Decrease (increase) in restricted investments	1,633,599	(1,872,618)
Increase in housing mortgages and other long-term receivables	(2,161,790)	(828,983)
Increase in short-term investments	(365,652)	(44,485)
	(893,843)	(2,746,086)
Increase in cash	8,429,832	4,768,516
Cash and cash equivalents, beginning of year	15,962,346	11,193,830
Cash and cash equivalents, end of year	\$ 24,392,178	\$ 15,962,346

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

Nipissing First Nation (the "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)
- 1073059 Ontario Inc.
- N'Bisiing Forestry Inc.
- Nipissing 2013 Boundary Claim Trust
- NFN Solar LP
- NFN Solar GP Inc.
- Nipissing Solar (SPN) LP
- Nipissing Solar (SPN) GP Inc.
- Bineshii Projects LP
- Bineshii Projects GP Inc.
- Nipissing (Community Developments) LP
- Nipissing (Community Developments) GP Inc.

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.

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

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

(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.

(d) Deferred revenue:

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

(e) Employee future benefits:

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

(f) Investments:

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

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

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

NIPISSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

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
Roads, bridges and culverts	20 - 80
Water and waste water systems	10 - 50
Land improvements	15 - 25
Streetlights and signs	8 - 20
Books and resource materials	10 - 20

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

(i) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(j) Cash and cash equivalents:

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

(k) Use of estimates:

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

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

2. Consolidated entities:

Summarized financial information for the consolidated entities is as follows:

	NFN Solar LP	Boundary Claim Trust	1073059 Ontario Inc.	N'Bisiing Forestry Inc.	Nipissing (Community Develop- ments) LP	NFN Solar (SPN) LP	Bineshii Projects LP	General Partner Corporations	Total 2020	Total 2019
Financial position										
Current asset	\$526,041	5,519,516	10,725	1,308	3,190,970	-	78,845	4	\$ 9,327,409	\$ 4,530,972
Long-term assets	-	77,105,310	333,333	-	1,404,737	843,391	-	-	79,686,771	86,478,613
Capital assets	414,237	-	2,134,521	-	-	-	-	-	2,548,758	2,575,448
Total assets	940,278	82,624,826	2,478,579	1,308	4,595,707	843,391	78,845	4	91,562,938	93,585,033
Current liabilities	974,378	5,173,777	5,999	10,694	214	759,194	26,073	-	6,950,329	8,429,531
Total liabilities	974,378	5,173,777	5,999	10,694	214	759,194	26,073	-	6,950,329	8,429,531
Net assets (deficiency)	\$(34,100)	77,451,049	2,472,580	(9,386)	4,595,493	84,197	52,772	4	\$ 84,612,609	\$ 85,155,502
Results of operations:										
Revenues	\$85,728	7,406,154	17,933	-	208,488	114,957	101,036	-	\$ 7,934,296	\$ 6,278,479
Expenses	67,017	502,395	17,933	46,986	193	29,176	49,931	-	713,631	678,580
Net income (loss)	\$18,711	6,903,759	-	(46,986)	208,295	85,781	51,105	-	\$ 7,220,665	\$ 5,599,899

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

3. Short-term investments:

Short-term investments consist of the following:

	2020	2019
Term deposits	\$ 3,736,555	\$ 3,579,442
Other	208,539	—
	<u>\$ 3,945,094</u>	<u>\$ 3,579,442</u>

Term deposits consist of guaranteed investment certificates with maturities ranging from 2021 to 2024 and bear interest at rates ranging from 0.55% to 3.01%.

Under the terms of the agreement with the Ontario First Nations Limited Partnership \$3,236,122 (2019 - \$3,083,726) of short-term investments is restricted in use and is to be expended on community development, health, education, economic development and cultural development.

Under the terms of the agreement with the Bank of Montreal \$500,434 (2019 - \$495,716) of short-term investments was pledged as security for a loan as described in note 12(c).

4. Accounts and grants receivable:

	2020	2019
Indigenous Services Canada	\$ 139,452	\$ 65,531
School Boards	275,658	1,470,223
Union of Ontario Indians	541,407	285,819
Canada Revenue Agency	201,748	—
Kinoomaadziwin Education Body	464,798	212,651
Other	1,584,646	1,104,882
	<u>3,207,709</u>	<u>3,139,106</u>
Less: allowance for doubtful accounts	(119,558)	(121,805)
	<u>\$ 3,088,151</u>	<u>\$ 3,017,301</u>

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

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 15 at the bank's prime rate +1%.

	2020	2019
Housing mortgages	\$ 6,871,089	\$ 5,837,711
Fur Dresser building mortgage	333,333	416,667
Off-reserve solar project loans	843,391	786,951
First Nations Finance Authority debt reserve fund	133,234	127,919
Natural Gas – Aid to construct loans	63,984	89,670
Nipissing-Miller LP – Non-interest bearing note	1,196,198	–
	9,441,229	7,258,918
Provision for loan impairment – housing mortgages	(65,158)	(44,637)
	\$ 9,376,071	\$ 7,214,281

6. Restricted Assets – Nipissing 2013 Boundary Claim Trust:

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

	Cost - December 31, 2019	Market - December 31, 2019
Cash and cash equivalents	\$ 6,046,606	\$ 6,573,696
Investments:		
Bonds	36,725,122	36,740,411
Marketable securities	39,853,098	51,936,083
	76,578,220	88,676,494
	\$ 82,624,826	\$ 95,250,190
	Cost - December 31, 2018	Market - December 31, 2018
Cash and cash equivalents	\$ 4,522,147	\$ 4,983,074
Investments:		
Bonds	36,712,236	36,318,754
Marketable securities	43,024,042	49,426,921
	79,736,278	85,745,675
	\$ 84,258,425	\$ 90,728,749

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

6. Restricted Assets – Nipissing 2013 Boundary Claim Trust (continued):

Included in bonds are various Federal, Provincial and Corporate Bonds maturing from 2020 - 2032 with interest rates ranging from 1.00% - 6.5%.

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, 2019, and there have been no significant changes as of March 31, 2020.

The cost and market value of investments at March 31, 2020 was \$78,693,616 and \$82,182,197 (2019 - \$84,011,586 and \$94,449,053 respectively). As at June 30, 2020 the cost and market value of investments had increased to \$79,499,479 and \$89,349,822 respectively, indicating the decline in market value related to the COVID-19 pandemic and related market conditions was temporary in nature.

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.

	2020	2019
Balance, beginning of year	\$ 290,779	\$ 290,779
Interest income	5,714	6,727
Withdrawals	(5,714)	(6,727)
Balance, end of year	\$ 290,779	\$ 290,779

8. Accounts payable and accrued liabilities:

	2020	2019
Trade payables	\$ 1,760,409	\$ 1,453,552
Holdbacks payable	—	257,430
Educational institutions	1,070,136	486,597
Repayable funding	2,764,289	1,867,161
Personnel liabilities	699,984	667,553
1073059 Ontario Inc. supplier accounts payable	5,999	4,500
N'Bisiing Forestry Inc. supplier accounts payable	10,694	10,694
Boundary Claim Trust supplier accounts payable	460,191	519,805
	\$ 6,771,702	\$ 5,267,292

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

9. Deferred program revenue:

	2020	2019
Community Operations Programs:		
Water and wastewater	\$ 336,358	\$ 250,000
CHRT Funding	190,600	390,161
Robinson Huron Treaty Engagement	–	13,500
Roads	4,337	–
Fire protection	12,080	–
Emergency funds (COVID-19)	47,887	–
Education Programs:		
N'Bisiing Education Center	435,000	–
Special Education	419,835	353,549
Elementary/Secondary Tuition	847,747	549,477
Capital Programs:		
RRAP Grants	26,725	69,041
General housing	303,530	–
Social Services Programs:		
Daycare	479,481	97,995
Ontario Works	55,641	–
Native Child Welfare Program	743,293	443,624
Food Bank	–	5,981
Child and family services	133,121	–
Health Services:		
Community Health Illness and Injury Prevention	110,749	100,573
Health Planning and Quality Management	203,172	190,147
Aboriginal Diabetes Initiative	82,413	30,034
Home and Community Care	295,376	218,334
Maternal Child Health	52,242	39,377
Building Healthy Communities	99,824	98,109
Medical Transportation	87,771	70,980
Aboriginal Working Group	4,719	2,832
Homemaker	23,626	18,731
NNADAP	53,631	26,579
Early Childhood Development	22,329	8,241
Operations and maintenance		1,216
Family Well Being	98,377	–
Child and family services	65,238	–
Health information management	253,232	–
Other Programs:		
Ontario Women's Directorate	211,966	114,600
Ministry of Natural Resources	77,740	52,431
LMI Skills Inventory	15,521	26,871
Land Management	289,259	26,668
Little NHL Host	278,976	–
Economic development	21,250	–
	\$ 6,383,046	\$ 3,199,051

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

10. Long-term debt:

	2020	2019
CMHC Phase 8 loan, payable \$1,026 monthly including principal and interest at 0.98%, unsecured, maturing March, 2020	\$ 223,795	\$ 233,872
Cockburn Road Apartment Complex loan payable \$2,578 monthly including principal and interest at 1.08%, unsecured, maturing August, 2020	158,006	187,098
Duchesnay Apartment Complex loan, payable \$2,331 monthly including principal and interest at 1.05%, unsecured, maturing August, 2021	299,053	323,769
Margaret Drive Apartment Complex loan, payable \$4,554 monthly including principal and interest at 2.39%, unsecured, maturing March, 2023	249,809	297,988
CMHC Phase 5 loan, payable \$2,451 monthly including principal and interest at 1.30%, unsecured, maturing December, 2020	295,257	320,681
CMHC Phase 6 loan, payable \$2,543 monthly including principal and interest at 1.05%, unsecured, maturing August, 2021	460,484	486,047
CMHC Phase 9 loan, payable \$1,578 monthly including principal and interest at 1.39%, unsecured, maturing June, 2020	334,657	348,865
CMHC Phase 7 loan, payable \$5,260 monthly including principal and interest at 2.52%, unsecured, maturing September, 2023	935,539	974,754
First Nation Finance Authority debenture, payable \$10,821 monthly including principal and interest at 3.79%, unsecured, maturing June, 2024	2,067,075	2,117,134
CMHC Phase 10 loan, payable \$4,276 monthly including principal and interest at 2.21%, unsecured, maturing February 2024	956,497	986,456
Waubetek loan, payable \$3,753 monthly including principal and interest at 4.6%, secured by the assets of Bineshii Projects LP, maturing November 2038	371,906	380,000
Waubetek loan, payable \$292 monthly, interest free secured by the assets of Bineshii Projects LP, maturing November 2038	66,500	70,000
	\$ 6,418,578	\$ 6,726,664

Total interest expense during the year amounted to \$168,838 (2019 - \$150,865).

The aggregate maturities of long-term debt for loans with fixed repayment terms for each of the five years subsequent to March 31, 2020 are as follows: 2021 - \$1,251,929; 2022 - \$903,677; 2023 - \$299,100; 2024 - \$1,752,436; 2025 - \$1,861,503 and thereafter - \$349,933.

NIPISSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

11. Tangible capital assets:

Cost	2019	Additions	Disposals	Transfers	2020
Land	\$ 1,667,270	\$ -	-	-	\$ 1,667,270
Land improvements	510,116	-	-	-	510,116
Buildings	28,557,252	2,449,200	-	871,211	31,877,663
Machinery and equipment	2,808,871	27,336	-	-	2,836,207
Furniture and equipment	992,138	214,212	(111,569)	-	1,094,781
Books and resource material	351,668	-	-	-	351,668
Computer equipment	752,187	335,689	-	-	1,087,876
Vehicles	3,919,396	733,172	-	-	4,652,568
Roads, bridges and culverts	11,829,092	110,584	-	-	11,939,676
Water and waste water	16,399,982	147,134	-	-	16,547,116
Street lights and signs	56,432	9,720	-	-	66,152
Assets under construction	871,211	-	-	(871,211)	-
Total	\$ 68,715,615	\$ 4,027,047	\$ (111,569)	\$ -	\$ 72,631,093

Accumulated Amortization	2019	Amortization expense	Disposals	Transfers	2020
Land	\$ -	\$ -	-	-	\$ -
Land improvements	376,861	9,568	-	-	386,429
Buildings	9,188,858	977,754	-	-	10,166,612
Machinery and equipment	1,578,163	119,897	-	-	1,698,060
Furniture and equipment	709,787	60,956	-	-	770,743
Books and resource material	298,116	14,857	-	-	312,973
Computer equipment	542,316	91,692	-	-	634,008
Vehicles	2,301,288	443,600	-	-	2,744,888
Roads, bridges and culverts	3,778,050	246,621	-	-	4,024,671
Water and waste water	3,689,042	421,114	-	-	4,110,156
Street lights and signs	22,532	5,067	-	-	27,599
Assets under construction	-	-	-	-	-
Total	\$ 22,485,013	\$ 2,391,126	\$ -	\$ -	\$ 24,876,139

	Net book value 2019	Net book value 2020
Land	\$ 1,667,270	\$ 1,667,270
Land improvements	133,255	123,687
Buildings	19,368,394	21,711,051
Machinery and equipment	1,230,708	1,138,147
Furniture and equipment	282,351	324,038
Books and resource material	53,552	38,695
Computer equipment	209,871	453,868
Vehicles	1,618,108	1,907,680
Roads, bridges and culverts	8,051,042	7,915,005
Water and waste water	12,710,940	12,436,960
Street lights and signs	33,900	38,553
Assets under construction	871,211	-
Total	\$ 46,230,602	\$ 47,754,954

NIPISSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

11. Tangible capital assets (continued):

Cost	2018	Additions	Disposals	Transfers	2019
Land	\$ 1,667,270	\$ -	\$ -	\$ -	\$ 1,667,270
Land improvements	486,176	23,940	-	-	510,116
Buildings	23,419,038	3,180,325	(16,895)	1,974,784	28,557,252
Machinery and equipment	2,663,014	145,857	-	-	2,808,871
Furniture and equipment	778,020	214,118	-	-	992,138
Books and resource material	351,668	-	-	-	351,668
Computer equipment	648,421	103,766	-	-	752,187
Vehicles	3,735,826	183,570	-	-	3,919,396
Roads, bridges and culverts	11,376,264	452,828	-	-	11,829,092
Water and waste water	16,386,287	13,695	-	-	16,399,982
Street lights and signs	56,432	-	-	-	56,432
Assets under construction	1,988,324	857,671	-	(1,974,784)	871,211
Total	\$ 63,556,740	\$ 5,175,770	\$ (16,895)	\$ -	\$ 68,715,615

Accumulated Amortization	2018	Amortization expense	Disposals	Transfers	2019
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Land improvements	367,892	8,969	-	-	376,861
Buildings	8,412,159	790,640	(13,941)	-	9,188,858
Machinery and equipment	1,461,448	116,715	-	-	1,578,163
Furniture and equipment	655,646	54,141	-	-	709,787
Books and resource material	280,135	17,981	-	-	298,116
Computer equipment	487,089	55,227	-	-	542,316
Vehicles	1,907,918	393,370	-	-	2,301,288
Roads, bridges and culverts	3,534,245	243,805	-	-	3,778,050
Water and waste water	3,265,834	423,208	-	-	3,689,042
Street lights and signs	17,854	4,678	-	-	22,532
Assets under construction	-	-	-	-	-
Total	\$ 20,390,220	\$ 2,108,734	\$ (13,941)	-	\$ 22,485,013

	Net book value 2018	Net book value 2019
Land	\$ 1,667,270	\$ 1,667,270
Land improvements	118,284	133,255
Buildings	15,006,879	19,368,394
Machinery and equipment	1,201,566	1,230,708
Furniture and equipment	122,374	282,351
Books and resource material	71,533	53,552
Computer equipment	161,332	209,871
Vehicles	1,827,908	1,618,108
Roads, bridges and culverts	7,842,019	8,051,042
Water and waste water	13,120,453	12,710,940
Street lights and signs	38,578	33,900
Assets under construction	1,988,324	871,211
Total	\$ 43,166,520	\$ 46,230,602

NIPISSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

12. Commitments and contingent liabilities:

- (a) The First Nation is involved in certain legal matters from time to time, the outcomes of which are not presently determinable. The effects, if any, from such contingencies will be accounted for in the periods in which the matters are resolved.
- (b) The First Nation has guaranteed the housing loans of various members. Total loans guaranteed amount to \$3,821,966 (2019 - \$4,153,171).
- (c) In accordance with terms and conditions of a financing arrangement between the Bank of Montreal and the Robinson Huron Treaty Trust (the "Trust"), the First Nation as a beneficiary of the Trust has guaranteed borrowings in proportion to its beneficial interest in the Trust in the amount of \$485,750. As of March 31, 2020, its proportional outstanding loan balance as part of the Trust is \$485,750 (2019 - \$485,750).

13. Accumulated surplus:

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

	2020	2019
Reserves set aside by Council:		
Bus replacement reserve	\$ 876,391	\$ 801,391
Education centre capital reserve	100,000	100,000
Education centre programming reserve	37,400	37,400
Senior's Complex	55,474	55,474
CMHC apartment complex	271,508	339,672
Funds held in trust by the Government of Canada	290,779	290,779
Enhancement funds	10,761,658	10,054,935
Housing reserve	2,646,238	2,646,238
Boundary Claim Trust	6,179,109	7,978,038
Nipissing Warriors fundraising reserve	623,076	144,703
Externally restricted	82,624,826	84,214,010
Invested in tangible capital assets	41,336,376	39,503,939
Unrestricted	6,194,977	(926,209)
	\$ 151,997,812	\$ 145,240,370

NIPISSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

14. Funding reconciliation:

The following is a reconciliation of funding received from the Indigenous Services Canada (ISC) funding confirmation to revenue reported in the consolidated statement of operations and accumulated surplus:

	2020	2019
ISC revenue per consolidated statement of operations	\$ 6,898,985	\$ 3,709,253
Less: prior year deferred revenue	(1,207,856)	(569,560)
Add: ending deferred revenue	2,577,241	1,207,856
ISC revenue per funding confirmation	\$ 8,268,370	\$ 4,347,549

Included in accounts and grants receivable are \$111,996 (2019 - \$65,531) relating to contributions receivable from ISC.

15. Union of Ontario Indians funding:

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

16. Employee future benefits:

The annual net expense for the First Nation's defined contribution pension plan was \$362,220 (2019 - \$344,825).

17. Budget information:

Budget information has not been presented.

18. Effects of COVID-19:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the First Nation's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect to the First Nation's business is not known at this time.

NIPISSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

19. 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, 2020

19. Segmented information (continued):

Health Services:

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

Housing:

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

Other:

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

NIPISSING FIRST NATION

Notes to Consolidated Financial Statements
Note 19 - Segmented Information (continued)

Year ended March 31, 2020

	Community Operations	Education	Capital	First Nation Enterprises	Social Services	Health Services	Housing	Other	2020 Total
Revenue									
Indigenous Services Canada	\$ 2,159,412	-	779,111	-	400,319	2,882,570	-	677,573	6,898,985
Other	1,574,708	1,075,729	442,667	1,327,139	153,211	1,075,861	443,069	3,513,779	9,606,163
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	1,436,289	1,436,289
Ministry of Education	-	-	-	-	617,174	35,998	-	-	653,172
Ministry of Community and Social Services	-	-	-	-	1,474,491	350,621	-	193,571	2,018,683
Health Canada	-	-	-	-	-	-	-	-	-
Kinoomaadziwin Education Body	176,324	5,889,364	-	-	-	-	-	-	6,065,688
Other Provincial	145,910	-	-	8,810	-	3,754,335	-	688,635	4,597,690
Union of Ontario Indians	188,500	81,731	155,010	-	288,448	116,512	-	446,099	1,276,300
Canada Mortgage and Housing Corporation	-	-	42,316	-	-	-	244,752	-	287,068
	4,244,854	7,046,824	1,419,104	1,335,949	2,933,643	8,215,897	687,821	6,955,946	32,840,038
Expenses:									
Material and supplies	1,976,699	4,781,488	497,051	705,835	1,697,907	5,603,895	320,084	3,448,067	19,031,026
Salaries, wages and employee benefits	2,268,775	1,514,109	333,586	-	1,578,464	2,537,207	-	1,885,235	10,117,376
Amortization of tangible capital assets	759,163	235,018	957,275	-	49,098	71,779	189,653	129,140	2,391,126
Interest on long-term debt	38,390	-	-	66,925	-	-	72,737	-	178,052
	5,043,027	6,530,615	1,787,912	772,760	3,325,469	8,212,881	582,474	5,462,442	31,717,580
Excess (deficiency) of revenue over expenses before the undernoted items	(798,173)	516,209	(368,808)	563,189	(391,826)	3,016	105,347	1,493,504	1,122,458
Vacation (expense) recovery	(28,678)	19,827	1,859	-	(11,658)	(10,923)	-	50,381	20,808
The Nipissing 2013 Boundary Claim Trust:									
Investment income	-	-	-	-	-	-	-	7,502,788	7,502,788
Other expenses	-	-	-	-	-	-	-	(1,405,002)	(1,405,002)
Per capita distributions	-	-	-	-	-	-	-	(483,610)	(483,610)
Excess (deficiency) of revenue over expenses	\$ (826,851)	536,036	(366,949)	563,189	(403,484)	(7,907)	105,347	7,158,061	6,757,442

NIPISSING FIRST NATION

Notes to Consolidated Financial Statements
Note 19 - Segmented Information (continued)

Year ended March 31, 2020

	Community Operations	Education	Capital	First Nation Enterprises	Social Services	Health Services	Housing	Other	2019 Total
Revenue									
Indigenous Services Canada	\$ 1,840,309	557,444	511,817	-	154,992	18,213	-	626,478	3,709,253
Other	1,247,392	1,024,280	1,816,962	1,575,912	122,685	1,282,045	419,107	1,686,836	9,175,219
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	1,656,273	1,656,273
Ministry of Education	-	-	-	-	621,758	39,335	-	-	661,093
Ministry of Community and Social Services	-	-	-	-	1,494,727	351,906	-	56,781	1,903,414
Health Canada	-	-	-	-	-	2,016,687	-	-	2,016,687
Other Provincial	166,061	5,123,904	-	-	-	-	-	-	5,289,965
Union of Ontario Indians	76,980	-	-	6,810	-	2,820,882	-	701,288	3,605,960
Canada Mortgage and Housing Corporation	-	81,731	-	-	201,572	246,405	-	457,988	987,696
	3,330,742	6,787,359	2,373,784	1,582,722	2,595,734	6,775,473	625,413	5,185,644	29,256,871
Expenses:									
Material and supplies	1,820,661	4,819,496	423,568	553,208	1,747,543	4,725,271	328,089	1,847,916	16,265,752
Salaries, wages and employee benefits	2,024,575	1,479,237	319,163	-	1,543,308	1,812,415	-	1,731,900	8,910,598
Amortization of tangible capital assets	717,445	220,908	776,035	-	34,751	79,721	189,653	90,221	2,108,734
Interest on long-term debt	38,138	-	-	61,777	-	-	58,871	-	158,786
	4,600,819	6,519,641	1,518,766	614,985	3,325,602	6,617,407	576,613	3,670,037	27,443,870
Excess (deficiency) of revenue over expenses before the undernoted items									
	(1,270,077)	267,718	855,018	967,737	(729,868)	158,066	48,800	1,515,607	1,813,001
Gain on sale of tangible capital assets	-	-	-	-	(2,954)	-	-	-	(2,954)
Vacation (expense) recovery	(14,589)	(3,657)	(3,223)	-	9,782	3,278	-	(9,650)	(18,059)
The Nipissing 2013 Boundary Claim Trust:									
Investment income	-	-	-	-	-	-	-	5,865,744	5,865,744
Other expenses	-	-	-	-	-	-	-	(902,675)	(902,675)
Per capita distributions	-	-	-	-	-	-	-	(736,455)	(736,455)
Excess (deficiency) of revenue over expenses	\$ (1,284,666)	264,061	851,795	967,737	(723,040)	161,344	48,800	5,732,571	6,018,602