

**Nibinamik First Nation
Consolidated Financial Statements**
March 31, 2016

Nibinamik First Nation

Contents

For the year ended March 31, 2016

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Management's Responsibility

To the Chief and Council and Members of Nibinamik First Nation:

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

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The Nibinamik First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP is appointed by Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

February 1, 2017



Independent Auditors' Report

To the Chief and Council and Members of Nibinamik First Nation:

We have audited the accompanying consolidated financial statements of Nibinamik First Nation which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of operations and accumulated surplus, change in net financial assets (net debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 the auditors' 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of 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 qualified audit opinion.

Basis for Qualified Opinion

The First Nation has investments in First Nation partnerships and business entities as disclosed in Note 5, the valuation of which is not subject to audit. As a result, we were not able to determine whether any adjustments might be necessary to investments in First Nation partnerships and business entities, expenses, deficit, accumulated surplus and net financial assets. Our audit opinion on the consolidated financial statements for the year ended March 31, 2015 was similarly qualified because of the limitation on access to the financial information related to these investments.

In addition, the First Nation does not have a formal process in place to approve the budget and in some instances no budget was prepared. As a result MNP was unable to gain appropriate audit evidence over the budgeted figures presented in the consolidated audit.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements present fairly in all material respects the financial position of Nibinamik First Nation as at March 31, 2016 and the results of its operations and accumulated surplus, change in net financial assets (net debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Thunder Bay, Ontario
February 1, 2017

Nibinamik First Nation
Consolidated Statement of Financial Position
As at March 31, 2016

	2016	2015
Financial assets		
Cash and cash equivalents (Note 3), (Note 7)	128,723	69,645
Accounts receivable (Note 4)	849,970	921,467
Investments in First Nation partnerships and business entities (Note 5)	1,284,110	2,444,582
Funds held in Ottawa Trust Fund (Note 6)	12,686	12,418
Total financial assets	2,275,489	3,448,112
Liabilities		
Accounts payable and accruals (Note 8)	1,814,994	1,868,218
Deferred revenue (Note 9)	30,000	30,000
Long-term debt (Note 10)	972,588	1,107,305
Forgiveable loans (Note 11)	57,396	24,146
Total liabilities	2,874,978	3,029,669
Net financial assets (net debt)	(599,489)	418,443
Contingencies (Note 12)		
Non-financial assets		
Tangible capital assets (Schedule 1)	19,825,726	20,300,215
Inventory (Note 13)	713,694	978,696
Total non-financial assets	20,539,420	21,278,911
Accumulated surplus (Note 14)	19,939,931	21,697,354

Approved on behalf of the Council

 **Chief**



Councillor

Councillor

Nibinamik First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Revenue			
Indigenous and Northern Affairs Canada (Note 18)	3,830,528	4,558,004	4,270,518
First Nations and Inuit Health (Note 18)	1,219,940	1,602,804	1,317,454
Ontario First Nations Limited Partnership	474,100	828,416	826,409
Other revenue	391,213	487,601	628,994
Nibinamik Power Authority	-	1,024,230	965,288
Investment income	-	344	342
Ministry of Tourism and Culture (Note 18)	33,750	56,250	33,750
Ministry of Northern Development and Mines (Note 18)	393,831	639,308	703,253
Matawa First Nations	131,298	75,752	74,800
Ministry of Community and Social Services (Note 18)	592,296	454,415	534,217
Ministry of Health (Note 18)	86,269	86,269	86,269
Ministry of Aboriginal Affairs (Note 18)	90,000	194,546	90,000
Nishnawbe Aski Nation	91,187	122,534	87,399
Network Revenue	51,042	51,042	51,042
Deferred revenue, prior year (Note 9)	-	30,000	30,000
Deferred revenue, end of year (Note 9)	-	(30,000)	(30,000)
Repayment of funding	-	(10,350)	(315,357)
	7,385,454	10,171,165	9,354,378
Program expenses			
Administration	450,771	859,806	771,049
Band Operations and Maintenance	749,270	2,754,918	2,324,141
Economic/Employment Development	503,241	857,090	748,056
Education	2,653,324	2,540,151	2,462,742
Medical Services	1,240,307	1,559,117	1,298,788
Social Services	961,155	981,474	936,881
Community Support	369,000	427,363	377,513
Lands & Resources	1,046,858	788,197	977,602
Total expenses	7,973,926	10,768,116	9,896,772
Deficit before other items	(588,472)	(596,951)	(542,394)
Loss on impairment of investment			
Valuation loss on investments (Note 5)	-	(1,160,472)	-
Deficit	(588,472)	(1,757,423)	(542,394)
Accumulated surplus, beginning of year	-	21,697,354	22,239,748
Accumulated surplus (deficit), end of year	(588,472)	19,939,931	21,697,354

The accompanying notes are an integral part of these financial statements

Nibinamik First Nation
Consolidated Statement of Change in Net Financial Assets (Net Debt)
For the year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Annual deficit			
Purchases of tangible capital assets	-	(1,757,423)	(542,394)
Amortization of tangible capital assets	-	(536,561)	(383,104)
Decrease in inventory	-	1,011,050	1,019,213
	-	265,002	101,933
Increase (decrease) in net financial assets			
Net financial assets, beginning of year	-	(1,017,932)	195,648
	-	418,443	222,795
Net assets (net debt), end of year	-	(599,489)	418,443

The accompanying notes are an integral part of these financial statements

Nibinamik First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Deficit	(1,757,423)	(542,394)
Non-cash items		
Amortization	1,011,050	1,019,213
Loss from investments	1,160,472	-
	414,099	476,819
Changes in working capital accounts		
Accounts receivable	71,497	(25,973)
Funds held in Ottawa Trust Fund	(268)	(336)
Accounts payable and accruals	(53,224)	235,395
Inventory	265,002	101,933
	697,106	787,838
Financing activities		
Forgiveness of forgiveable loans	(14,250)	(9,500)
Advances of forgiveable loans	47,500	-
Repayment of long-term debt	(1,104,717)	(1,453,017)
Advances of long-term debt	970,000	869,000
	(101,467)	(593,517)
Capital activities		
Purchases of tangible capital assets	(536,561)	(383,104)
Increase (decrease) in cash resources	59,078	(188,783)
Cash resources, beginning of year	69,645	258,428
Cash resources, end of year	128,723	69,645
Supplementary cash flow information		
Interest paid	72,413	104,818

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

1. Operations

Nibinamik First Nation (the "First Nation") is located in the Province of Ontario, and provides various services to its members.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards including the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Nibinamik First Nation
- Nibinamik Power Authority
- Nibinamik Education Authority

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Incorporated business enterprises that are owned or controlled by the First Nation but not dependent on the First Nation for their continuing operations are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in revenue on the consolidated statement of operations and accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Cash resources

Cash includes cash on hand and balances with banks net of bank overdrafts.

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

2. Significant accounting policies (Continued from previous page)

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2016.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Tangible capital assets are amortized annually using the declining balance method at rates intended to amortize the cost of the assets over their estimated useful lives as follows:

	Rate
Band vehicles	30 %
Computer equipment	30 %
Office equipment	20 %
Housing	5 %
Arena building	5 %
Community buildings	5 %
Electrical infrastructure	4 %
Roads	4 %
Sewer infrastructure	4 %
Heavy equipment	20 %
Arena equipment	20 %

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the assets' carrying amount. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value. Any impairment is included in operations for the year.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and fuel inventory.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

2. Significant accounting policies (Continued from previous page)

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

Revenue recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

Rental revenue is recognized over the rental term. Other revenue is earned from other services provided by the First Nation and is recognized when the service has been provided and collection is reasonably assured.

Network revenue and retail sales are recognized when the sale is made and the customer takes possession of the merchandise or receives the services provided.

Investment income (loss) is recorded as the First Nation's annual proportionate share of earnings or losses.

Government transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Revenue from trust moneys is recognized when measurable, earned and collection is reasonably assured. These moneys are reported on by the Government of Canada.

Use of estimates

The preparation of consolidated 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 date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the records in the periods in which they become known.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Inventory is estimated using the average cost of fuel per litre purchased and applying it to the actual volume of fuel counted on hand at year-end.

Amortization is based on the estimated useful lives of tangible capital assets.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end.

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

2. Significant accounting policies (Continued from previous page)

Segments

The First Nation conducts its business through nine reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Significant Accounting Policies.

Upcoming accounting pronouncements

New and Amended Standards

PS 3210 Assets (New)

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this standard are as follows:

- Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.
- Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.
- The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.
- A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.
- A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.
- An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

2. Significant accounting policies (Continued from previous page)

PS 3320 Contingent Assets (New)

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

- Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.
- Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.
- Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.
- Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.
- When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

PS 3380 Contractual Rights (New)

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.
- Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

2. Significant accounting policies (Continued from previous page)

PS 3430 Restructuring Transactions (New)

In June 2015, new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

- A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.
- A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.
- Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.
- The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.
- Restructuring-related costs are recognized as expenses when incurred.
- Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.
- The financial position and results of operations prior to the restructuring date are not restated.
- Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The Section is effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier application is encouraged.

3. Cash resources

	2016	2015
General account	15,339	(161,243)
Third Party Manager account	102,767	58,182
Health and Social	(14,525)	18,768
EcDev	(38,208)	31,527
Education Authority	45,989	(4,079)
Power Authority	1,313	30,855
Lands & Resources	(16,729)	(3,839)
Amik Project	6,278	7,016
Investment account	418	51
Other cash resources	25,096	21,571
Trust Savings account	985	70,836
	128,723	69,645

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

4. Accounts receivable

	2016	2015
Indigenous and Northern Affairs Canada	77,590	39,948
Health and Welfare Canada	-	5,119
MNDM	121,884	330,605
HST	61,154	44,049
Advances to members	254,951	185,118
Ontario Clean Energy	68,557	137,876
Residential Hydro	365,998	337,106
Commercial Hydro	131,319	120,787
Fuel Sales	115,281	55,173
Education Authority	13,600	(1,000)
Network receivable	6,530	8,330
General	259,564	231,483
Other	-	16,807
<u>Allowance for doubtful accounts</u>	<u>(626,458)</u>	<u>(589,934)</u>
	<hr/>	<hr/>
	849,970	921,467

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

5. Investments in First Nation partnerships and business entities

The First Nation holds investments in the following partnerships and business entities:

	<i>Opening</i>	<i>Loss on impairment of investment</i>	<i>2016</i>
			<i>Total investment</i>
Significantly Influenced Businesses:			
Wasaya Partnership	2,444,582	(1,160,472)	1,284,110
2015			
	<i>Opening</i>	<i>Loss on impairment of investment</i>	<i>Total investment</i>
Wasaya Partnership	2,444,582	-	2,444,582

Investment information, as at March 31, 2016 and March 31, 2015, is not audited.

The loss on impairment of investments in the First Nation partnership is the result of the following subsequent events:

On April 12, 2016, certain subsidiaries and related companies of the Wasaya Partnership filed notices of intention to make proposals under Division I of the Bankruptcy and Insolvency Act R.S.C., 1985, c. B-3. On or about April 26, 2016, the companies issued proposals to their unsecured creditors which proposals were approved by the requisite majority of creditors on May 17, 2016. On June 8, 2016, the Ontario Superior Court of Justice granted orders sanctioning the proposals and those orders were not appealed.

Under the proposals, certain claims of unsecured creditors were compromised requiring those companies to pay approximately \$1 million dollars to those creditors over the subsequent twelve months representing 10% of the claims of unsecured creditors. Amounts due to Wasaya First Nations Partners, including Nibinamik First Nation, were revalued to 10% of their original value under the proposal; however these amounts will remain payable.

As a result of the restructuring of the debt of Wasaya Partnership, a large gain was taken into equity, of which \$944,829 was allocated to Nibinamik First Nation.

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

6. Funds held in Ottawa Trust Fund

Capital and revenue trust moneys are transferred to the First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the First Nation's Council.

	2016	2015
Capital Trust		
Balance, beginning of year	1,710	1,710
Balance, end of year	1,710	1,710
Revenue Trust		
Balance, beginning of year	10,708	10,371
Interest	268	337
Balance, end of year	10,976	10,708
	12,686	12,418

7. Bank indebtedness

At March 31, 2016, the First Nation had lines of credit available totalling \$275,000 bearing interest at bank prime rate plus 3.25% (5.95% - March 31, 2016; 6.25% - March 31, 2015). At March 31, 2016, \$13,321 (2015 - \$79,924) was drawn and is recorded as a part of cash resources. A general security agreement has been collateralized in connection with the lines of credit.

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

8. Accounts payable and accruals

	2016	2015
Funding recoveries payable		
Indigenous and Northern Affairs Canada	265,781	275,505
Trade Payables		
Amplap Source Inc.	12,525	8,371
Bay Lock & Key	36,144	-
CE Strategies	34,717	102,284
Confederation College	55,646	52,172
GCK Consulting	-	35,000
Lakehead District School Board	340,535	417,618
Lakehead University	65,512	51,572
Matawa First Nations Management	107,165	22,100
Mistik North Ltd.	76,320	86,369
Nibinamik Community Store	81,098	199,773
Olympic Builders Supply	-	41,489
Pape Salter Teillet	32,672	32,591
Wasaya Airways Limited Partnership	240,182	255,018
WSP Canada Inc.	96,970	-
Other	259,080	196,465
	1,438,566	1,500,822
Accrued liabilities		
Accrued salaries and employee benefits	73,647	54,891
Other accrued liabilities	37,000	37,000
	110,647	91,891
	1,814,994	1,868,218

9. Deferred revenue

	<i>Balance, beginning of year</i>	<i>Funding received</i>	<i>Revenue recognized</i>	<i>Balance, end of year</i>
Northern Ontario School of Medicine	30,000	-	-	30,000

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

10. Long-term debt

	2016	2015
RBC Royal Bank fuel loan repayable in monthly instalments of \$70,000 plus interest at bank prime rate plus 2.95% (5.65% - March 31, 2016), due February 2017.	770,000	770,000
RBC Royal Bank debt control loan repayable in monthly instalments of \$8,464 including interest at 4.86%, due November 2016.	66,564	162,297
RBC Royal Bank fuel loan repayable in monthly instalments of \$7,167 plus interest at bank prime rate plus 2.95% (5.65% - March 31, 2016), due November 2016.	57,902	143,902
RBC Royal Bank vehicle loan repayable in monthly instalments of \$660 including interest at 4.4%, due August 2018.	18,122	25,068
RBC Royal Bank loan repayable in monthly instalments of \$1,363 including interest at 4.28%, due March 2019.	60,000	-
RBC Royal Bank vehicle loan	-	6,038
	972,588	1,107,305

All loans are secured by a general security agreement, a first ranking and specific security interest on specific equipment of the First Nation, and an irrevocable letter of direction in respect to Ontario First Nations Limited Partnership funding due to the First Nation being forwarded to RBC.

Principal repayments on long-term debt in each of the next four years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

	Principal
2017	918,742
2018	24,276
2019	18,638
<u>2020</u>	<u>10,932</u>
	972,588

11. Forgivable loans

During the year the First Nation has received CMHC forgivable loans for residential rehabilitation in the amount of \$47,500.

	2016	2015
Balance outstanding	57,396	24,146
Schedule of forgiveness:		
2017	19,000	9,500
2018	14,646	9,500
2019	9,500	5,146
2020	9,500	-
<u>2021</u>	<u>4,750</u>	<u>-</u>
	57,396	24,146

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

12. Contingent liability

The First Nation has agreements with INAC and other government bodies for each restricted fund which states that the First Nation may be required to return any surplus which may arise. The First Nation is solely responsible for any deficits. Recoveries are recorded in the year in which they are determined.

13. Inventory

	2016	2015
Fuel inventory	713,694	978,696

14. Accumulated surplus

The First Nation designates and tracks separately the operating and investment funds in accordance with internal management policies. These funds are designated to assist with fund management.

	2016	2015
Operating Fund		
Balance, beginning of year	19,252,772	19,795,166
Deficit	(596,951)	(542,394)
Balance, end of year	18,655,821	19,252,772
Investment Fund		
Balance, beginning of year	2,444,582	2,444,582
Investment loss for the year	(1,160,472)	-
Balance, end of year	1,284,110	2,444,582
Total accumulated surplus		
Operating Fund	18,655,821	19,252,772
Investment Fund	1,284,110	2,444,582
Balance, end of year	19,939,931	21,697,354

15. Guarantee

The First Nation has guaranteed up to \$130,000 to suppliers of the Nibinamik Community Store. As at March 31, 2016 no liability (2015 - \$Nil) has been recorded associated with this guarantee.

16. Economic dependence

Nibinamik First Nation receives 61% (2015 - 60%) of its revenue from the Government of Canada, and First Nations and Inuit Health as a result of Treaties entered into with the Government of Canada. These Treaties are administered by INAC and First Nation and Inuit Health under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

17. Segments

The First Nation has nine reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Administration - includes administration and governance activities.

Band Operations and Maintenance - includes Band programs and maintenance.

Economic/Employment Development - includes activities for the maintenance of the community and its infrastructure.

Education - includes the operations of education programs.

Medical Services - reports on the First Nation's Health Canada funding.

Social Services - activities include delivering social programs.

Community Support - activities include delivering community support programs.

Lands & Resources - includes activities for the maintenance of the community.

Investment Fund - reports on gains and losses of the First Nation's investment in Wasaya Partnership.

Inter-segment transfers are recorded at their exchange amount. The accounting policies are the same as those described in Note 2.

18. Government transfers

Nibinamik First Nation receives a significant portion of its revenue pursuant to a funding agreement with Indigenous and Northern Affairs Canada (INAC). Under the terms of the agreement, funding from the Co-Management Agreement can be suspended if the First Nation does not comply with the terms of the agreement.

Due to certain deficiencies in working capital position, the First Nation was party to a Co-Management Agreement, under the approval by INAC, that expired on March 31, 2016.

	<i>Operating</i>	<i>Capital</i>	2016	2015
Federal government transfers				
Indigenous and Northern Affairs Canada	4,558,004	-	4,558,004	4,270,518
First Nations and Inuit Health	1,602,804	-	1,602,804	1,317,454
 Total Federal	 6,160,808	 -	 6,160,808	 5,587,972
 Provincial government transfers	 	 	 	
Ministry of Tourism and Culture	56,250	-	56,250	33,750
Ministry of Northern Development and Mines	639,308	-	639,308	703,253
Ministry of Community and Social Services	454,415	-	454,415	534,217
Ministry of Health	86,269	-	86,269	86,269
Ministry of Aboriginal Affairs	194,546	-	194,546	90,000
 Total Provincial	 1,430,788	 -	 1,430,788	 1,447,489
	7,591,596	-	7,591,596	7,035,461

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

19. Budget information

Canadian public sector accounting (PSA) standards require the disclosure of budget information for comparison to the First Nation's actual revenue and expenses. The full consolidated budgeted revenue and expenses, and surplus (deficit) have not been reported in these consolidated financial statements. While having no effect on reported revenue, expenses, and surplus (deficit), omission of this information is considered a departure from PSA standards.

20. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

Nlbinamik First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Band vehicles</i>	<i>Computer equipment</i>	<i>Office equipment</i>	<i>Housing</i>	<i>Armen building</i>	<i>Community buildings</i>	<i>Subtotal</i>
Costs							
Balance, beginning of year	772,601	511,253	188,827	10,439,363	3,135,658	7,182,693	22,230,401
Acquisition of tangible capital assets	106,382	-	-	403,598	-	-	509,980
Balance, end of year	878,983	511,253	188,827	10,842,961	3,135,658	7,182,693	22,740,361
Accumulated amortization							
Balance, beginning of year	649,049	488,227	186,713	5,251,210	1,412,239	4,312,332	12,289,770
Annual amortization	63,975	3,908	4,423	279,568	86,171	143,513	506,583
Balance, end of year	718,024	502,135	171,136	5,530,788	1,498,410	4,455,850	12,876,353
Net book value of tangible capital assets							
2015 Net book value of tangible capital assets	180,939	9,118	17,691	5,312,183	1,637,248	2,728,849	9,854,098
2016 Net book value of tangible capital assets	123,552	13,026	22,114	5,188,153	1,723,419	2,870,367	9,940,631

Nibinamik First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	Subtotal	Electrical Infrastructure	Roads	Sewer Infrastructure	Heavy Equipment	Airline Equipment	Subtotal
Cost							
Balance, beginning of year	22,230,401	7,041,004	322,124	11,384,138	583,319	53,875	41,599,861
Acquisition of tangible capital assets	598,960	-	-	-	26,861	-	536,561
Balance, end of year	22,740,361	7,041,004	322,124	11,384,138	609,920	53,875	42,136,422
Accumulated amortization							
Balance, beginning of year	12,289,770	2,881,974	185,288	5,825,280	496,768	56,809	21,535,709
Annual amortization	566,583	166,361	5,473	229,554	22,626	453	1,011,050
Balance, end of year	12,876,353	3,048,335	190,761	5,854,834	519,414	57,062	22,546,759
Net book value of tangible capital assets							
2015 Net book value of tangible capital assets	9,884,008	3,992,669	131,363	5,569,304	90,506	1,813	19,599,863
2016 Net book value of tangible capital assets	9,940,631	4,159,030	136,838	5,738,858	86,531	2,266	20,064,152

Nibinamik First Nation

Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Subtotal</i>	<i>Land</i>	<i>2016</i>	<i>2015</i>
Cost				
Balance, beginning of year				
Acquisition of tangible capital assets	41,599,861	238,063	41,835,924	41,452,820
Balance, end of year	536,861	-	536,561	383,104
Accumulated amortization				
Balance, beginning of year				
Annual amortization	21,535,709	-	21,535,709	20,516,496
Balance, end of year	1,011,050	-	1,011,050	1,019,213
Net book value of tangible capital assets				
	22,546,759	-	22,546,759	21,535,709
Net book value of tangible capital assets	19,589,663	238,063	19,825,728	20,300,215
2015 Net book value of tangible capital assets	20,084,152	236,063	20,300,215	

Nibinamik First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Consolidated expenses by object			
Amortization	-	1,011,050	1,019,213
Bad debts	-	37,942	20,268
Bank charges and interest	30,860	29,982	28,702
Community donations	9,100	11,868	13,432
Contracts and consulting	321,300	635,452	385,444
Crisis	118,600	160,483	115,389
Honouraria	466,000	286,713	452,079
Insurance	6,600	23,633	19,200
Interest on long-term debt	19,100	42,431	76,116
Miscellaneous	-	11,901	8,387
Office supplies	67,600	68,845	81,352
Professional fees	169,000	176,134	124,063
Program expense	1,859,954	2,096,063	1,753,948
Repairs and maintenance	148,300	419,820	140,011
Salaries and employee benefits	3,012,112	2,986,270	2,898,576
Telephone	51,400	55,056	52,680
Training	32,900	24,854	69,726
Travel	512,750	730,510	634,098
Tuition	362,300	200,764	229,817
Utilities	644,100	594,927	608,936
Vehicles and fuel	141,950	1,163,418	1,165,335
	7,973,926	10,768,116	9,896,772

Nibinamik First Nation
Schedule 3 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)
For the year ended March 31, 2016

	INAC Revenue	Other Revenue	Deferred Revenue, beginning of year	Total Revenue	Expenses	Transfers From (To)	Current Surplus (Deficit)	Prior Year Surplus (Deficit)
Program Administration								
Band Operations and Maintenance	449,858	71,903	-	521,862	889,808	178,458	(159,488)	(141,585)
Economic/employment Development	1,384,149	1,124,420	-	2,518,570	2,794,918	(86,527)	(334,617)	(348,373)
Education	2,306,057	729,602	-	3,035,659	887,080	69,378	146,847	169,150
Health Services	2,370,591	124,274	-	2,494,865	2,540,131	-	(45,288)	(254,226)
Social Services	-	1,039,634	30,000	1,069,634	1,559,117	(62,812)	(12,095)	(32,886)
Community Support	-	946,220	-	946,220	881,474	(7,515)	(42,650)	(17,014)
Lands & Resources	-	373,505	-	373,505	427,383	-	(53,858)	(6,882)
Investment Fund	138,448	636,585	-	773,033	788,197	(79,030)	(94,794)	(31,058)
Total	4,558,004	4,482,858	30,000	(30,000)	9,010,853	10,768,116	-	(1,757,423)
								(542,364)

^aThe accompanying notes are an integral part of these financial statements