

Nibinamik First Nation
Consolidated Financial Statements
For the year ended March 31, 2019

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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 Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and 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 Chief and Council and management to discuss their audit findings.

June 4, 2020



Independent Auditor's Report

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

Qualified Opinion

We have audited the consolidated financial statements of Nibinamik First Nation and its subsidiaries (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects and possible effects in the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the results of its consolidated operations, changes in its consolidated net financial assets (net debt) and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

We were not able to satisfy ourselves concerning the observation of physical inventories at the end of the year. Due to physical limitations with respect to access to locations of inventory, we were not able to observe quantities at all locations. Since closing inventories enter into the determination of the results from operations and cash flows, we were unable to determine whether any adjustments might be necessary to non-financial assets, program expenses and accumulated surplus (deficit).

The First Nation has deferred Fixed Contribution funding received from Indigenous Services Canada, for which deferral is not eligible. These amounts are available for use in the subsequent period as a surplus of funds to be carried forward in the associated programs and do not represent liabilities at year-end. The impact of reversing the deferral would be a decrease to deferred revenue and increases to revenue and accumulated surplus (deficit) of \$619,701.

The First Nation has investments in First Nation partnership and business entities as disclosed in Note 6 which are accounted for by the modified equity method and which have a carrying value of \$175,916 (2018 - \$464,259) on the consolidated statement of financial position. The First Nation also holds portfolio investments in Exchange Income Corporation ("EIC"), which is accounted for at cost and which has a carrying value of \$182,721 (2018 - \$Nil) on the consolidated statement of financial position and was a result of the transaction disclosed in Note 6 to the consolidated financial statements. We were unable to obtain sufficient and appropriate audit evidence regarding the carrying value of the First Nation's investment in First Nation partnerships and business entities and the First Nation's share of net income for the year or the value of the First Nation's investment in EIC. In addition, the related disclosures of summary consolidated financial statement information of the First Nation's investments in First Nation partnerships and business entities has been omitted from the notes to the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated 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.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these consolidated 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 risks of material misstatement of the consolidated 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, intentional 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 purpose 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 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 auditor's report to the related disclosures in the consolidated 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 auditor's 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Thunder Bay, Ontario

June 4, 2020

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants



Nibinamik First Nation
Consolidated Statement of Financial Position

As at March 31, 2019

	2019	2018
Financial assets		
Cash and cash equivalents (Note 3)	102,134	1,368,872
Accounts receivable (Note 4)	4,002,896	3,171,058
Portfolio investments (Note 5)	182,723	2
Investments in First Nation business partnership (Note 6)	175,916	464,259
Funds held in trust (Note 7)	13,502	13,196
Total financial assets	4,477,171	5,017,387
Liabilities		
Accounts payable and accruals (Note 8)	4,826,324	4,074,833
Deferred revenue (Note 9)	1,236,771	1,393,718
Long-term debt (Note 10)	3,149,439	142,962
Forgivable loans (Note 11)	14,250	23,750
Total liabilities	9,226,784	5,635,263
Net debt	(4,749,613)	(617,876)
Contingencies (Note 12)		
Non-financial assets		
Tangible capital assets (Note 13)	24,158,184	20,369,479
Inventory (Note 14)	776,775	704,145
Prepaid expenses	100,000	50,698
Total non-financial assets	25,034,959	21,124,322
Accumulated surplus	20,285,346	20,506,446

Approved on behalf of the Council

 Chief


 Councillor




The accompanying notes are an integral part of these consolidated financial statements

Nibinamik First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2019

	2019 Budget	2019 Actual	2018 Actual
Revenue			
Indigenous Services Canada (Note 19)	5,563,838	6,959,794	8,357,608
ISC - First Nation and Inuit Health (Note 19)	2,506,865	3,470,177	2,506,161
Canada Mortgage and Housing Corporation (Note 19)	1,681,000	31,116	-
Ontario First Nations Limited Partnership	-	1,205,681	952,919
Other revenue	1,375,582	980,465	496,095
Nibinamik Power Authority	280,783	824,201	609,668
Ministry of Tourism and Culture (Note 19)	49,284	37,139	50,568
Ministry of Energy, Northern Development and Mines (Note 19)	267,377	226,401	226,967
Matawa First Nations	384,653	391,159	515,520
Ministry of Community and Social Services (Note 19)	632,710	692,572	582,446
Ministry of Health (Note 19)	86,280	534,280	141,569
Ministry of Indigenous Relations and Reconciliation (Note 19)	90,000	81,929	100,000
Network revenue	17,760	-	-
Nishnawbe Aski Nation	141,929	334,597	596,039
KKETS	184,800	-	40,040
NADF	-	-	203,680
Deferred revenue, prior year (Note 9)	-	1,393,718	1,536,974
Ministry of Education (Note 19)	-	143,940	-
Deferred revenue, end of year (Note 9)	-	(1,236,771)	(1,393,718)
Repayment of funding	(143,680)	-	(475,578)
	13,119,181	16,070,398	15,046,958
Program expenses			
Administration	1,936,577	3,759,611	1,053,341
Casino Rama	435,725	380,063	631,051
Community support	377,086	382,319	406,554
Lands & Resources	418,759	460,940	705,201
Band Operations and Maintenance	4,022,313	1,877,564	4,754,809
Health	2,427,649	2,993,485	2,249,342
Social Services	704,410	1,634,684	626,893
Economic/Employment Development	412,241	1,246,458	390,642
Education	3,352,805	3,450,752	3,135,768
Total expenses (Schedule 2)	14,087,565	16,185,876	13,953,601
Surplus (deficit) before other items	(968,384)	(115,478)	1,093,357
Other income (expense)			
Loss on impairment of investment in First Nation business partnership (Note 6)	-	(105,622)	(774,786)
Surplus (deficit)	(968,384)	(221,100)	318,571
Accumulated surplus, beginning of year	-	20,506,446	20,187,875
Accumulated surplus (deficit), end of year (Note 15)	(968,384)	20,285,346	20,506,446

The accompanying notes are an integral part of these consolidated financial statements

Nibinamik First Nation
Consolidated Statement of Change in Net Financial Assets (Net Debt)
For the year ended March 31, 2019

	2019 Budget	2019 Actual	2018 Actual
Annual surplus (deficit)	-	(221,100)	318,571
Purchases of tangible capital assets	-	(4,961,372)	(2,365,114)
Amortization of tangible capital assets	-	1,172,667	1,004,022
Change in inventory	-	(72,630)	197,618
Net acquisition of prepaid expenses	-	(49,302)	-
Net use of prepaid expenses	-	-	58,163
Decrease in net debt	-	(4,131,737)	(786,740)
Net debt, beginning of year	-	(617,876)	168,864
Net debt, end of year	-	(4,749,613)	(617,876)

The accompanying notes are an integral part of these consolidated financial statements

Nibinamik First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	(221,100)	318,571
Non-cash items		
Amortization	1,172,667	1,004,022
Loss on impairment of investment in First Nation business partnership	105,622	774,786
	1,057,189	2,097,379
Changes in working capital accounts		
Accounts receivable	(831,838)	(1,201,724)
Funds held in Ottawa Trust Fund	(306)	(274)
Prepaid expenses	(49,302)	58,163
Inventory	(72,630)	197,618
Accounts payable and accruals	751,491	1,609,133
Deferred revenue	(156,947)	(143,256)
	697,657	2,617,039
Financing activities		
Forgiveness of loans	(9,500)	(14,646)
Net advances (repayment) of long-term debt	3,006,477	(418,831)
	2,996,977	(433,477)
Capital activities		
Purchases of tangible capital assets	(4,961,372)	(2,365,114)
Decrease in cash resources	(1,266,738)	(181,552)
Cash resources, beginning of year	1,368,872	1,550,424
Cash resources, end of year	102,134	1,368,872

The accompanying notes are an integral part of these consolidated financial statements

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:

Basis of accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Principles of consolidation

The consolidated financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for the investment in a First Nation business partnership.

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.

Nibinamik First Nation business partnerships, owned or controlled by the First Nation's Council 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. Entities accounted for by the modified equity basis include:

- Wasaya Partnership

Trust funds held by federal government

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 and cash equivalents

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

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, 2019.

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, prepaid expenses 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.

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.

Deferred revenue is estimated based on management's review of revenue received, but unspent at year-end.

2. Significant accounting policies *(Continued from previous page)*

Segments

The First Nation conducts its business through ten 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.

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year.

The First Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The First Nation has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains and losses. Interest income is recognized in the consolidated statement of operations and accumulated surplus. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus (deficit). Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the consolidated statement of operations and accumulated surplus. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the consolidated statement of remeasurement gains and losses.

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

3. Cash and cash equivalents

	2019	2018
General	9,351	740,866
Health and Social	9,384	471,838
Economic Development	73,566	180
Education Authority	8,892	55,733
Power Authority	(69)	5,600
Lands & Resources	2,240	461
Ontario Works	(22,021)	49,121
Investment	9,079	317
Other cash resources	11,712	44,756
	102,134	1,368,872

At March 31, 2019, the First Nation had lines of credit available totalling \$275,000 bearing interest at bank prime rate plus 3.25% (7.2% - March 31, 2019). At March 31, 2019, \$Nil (2018 - \$Nil) was drawn and is recorded as a part of cash and cash equivalents. A general security agreement has been collateralized in connection with the line of credit.

4. Accounts receivable

	2019	2018
Indigenous Services Canada	1,207,894	1,037,555
ISC - First Nation and Inuit Health	1,104,152	9,412
Ministry of Energy, Northern Development and Mines	-	48,344
Harmonized Sales Tax rebates	687,376	86,352
Ministry of Children, Community and Social Services	18,310	58,005
Commercial Hydro	323,231	141,527
Employee advances	1,081,377	602,588
Fuel sales	79,765	110,588
General	876,590	1,703,145
Allowance for doubtful accounts	(1,375,799)	(626,458)
	4,002,896	3,171,058

5. Portfolio investments

	2019	2018
Measured at cost:		
Ontario First Nations Asset Management LP	1	1
Ontario First Nations Sovereign Wealth LP	1	1
Exchange Income Corporation	182,721	-
	182,723	2

The market value of portfolio investments was not available at the time of consolidated financial statement preparation.

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

6. Investments in First Nation business partnership

The First Nation holds investments in the following business partnership:

		<i>Loss on impairment of investment</i>	<i>Disposal</i>	<i>2019 Total investment</i>
	<i>Opening</i>			
Significantly Influenced Business:				
Wasaya Partnership	464,259	(105,622)	(182,721)	175,916

		<i>Loss on impairment of investment</i>	<i>Disposal</i>	<i>2018 Total investment</i>
	<i>Opening</i>			
Wasaya Partnership	1,239,045	(774,786)	-	464,259

Investment information, as at March 31, 2019 and March 31, 2018, is not audited.

On February 1, 2018, Wasaya Group Inc. ("WGI"), Wasaya Airways Limited Partnership ("WALP") and Wasaya Petroleum Limited Partnership ("WPLP") announced they had entered into an agreement to partner with Exchange Income Corporation ("EIC"). The transaction was completed on April 19, 2018, resulting in EIC purchasing 51% of the limited partnership units of WALP and WPLP as well as 49% of the common shares of WGI. The equity purchased by EIC was from existing equity holders of the Wasaya Group of companies; no new equity was issued as a result of this transaction. EIC shares with a fair market value of \$1,000,000 CDN were transferred to Nibinamik First Nation in consideration for 51% of its limited partnership units of WALP and WPLP as well as 49% of its common shares of WGI. We were unable to obtain the pertinent details as they relate to this transaction in order to record its impact in these consolidated financial statements.

7. Funds held in Ottawa Trust Fund

Capital and revenue trust moneys are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

	<i>2019</i>	<i>2018</i>
Capital Trust		
Balance, beginning of year	1,710	1,710
Balance, end of year	1,710	1,710
Revenue Trust		
Balance, beginning of year	11,486	11,212
Interest	306	274
Balance, end of year	11,792	11,486
	13,502	13,196

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

8. Accounts payable and accruals

	2019	2018
Funding repayable		
Indigenous Services Canada	826,276	826,276
Nishnawbe Aski Nation	94,750	333,879
North West Local Health Integration Network	110,400	-
	1,031,426	1,160,155
Trade Payables		
Aboriginal Strategies	68,554	148,775
Expedition Freight Solutions	-	85,737
Happy Time Tours & Travel	70,437	-
Keewatin Patricia District School Board	62,496	-
Lakehead District School Board	386,564	386,564
Lakehead University	93,265	89,589
M.J. Fraser Electric	82,389	-
Nibinamik Community Store	100,892	9,487
Olympic Builders Supply	530	221,072
Wasaya Airways Limited Partnership	240,184	239,923
Wasaya Petroleum Limited Partnership	441,572	-
Matawa First Nations Management	15,919	229,646
Other	728,936	514,157
Peter G. Thiessen Homes Inc.	749,846	273,268
Toromont Cat	13,473	92,959
WMPS Contracting Inc.	316,804	67,173
WSIB	193,334	-
	3,565,195	2,358,350
Accrued liabilities		
Accrued salaries and employee benefits	23,794	95,221
Other accrued liabilities	205,909	461,107
	229,703	556,328
	4,826,324	4,074,833

9. Deferred revenue

	<i>Balance, beginning of year</i>	<i>Funding received</i>	<i>Revenue recognized</i>	<i>Balance, end of year</i>
Indigenous Services Canada	935,662	6,959,794	7,072,975	822,481
Northern Ontario School of Medicine	30,000	-	30,000	-
Other	428,056	414,290	428,056	414,290
	1,393,718	7,374,084	7,531,031	1,236,771

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

10. Long-term debt

	2019	2018
RBC Royal Bank fuel loan to be paid in full January 2020.	1,200,000	-
RBC Royal Bank loan to be repaid in full August 2019.	443,679	-
RBC Royal Bank equipment loan repayable in monthly instalments of \$5,003 including interest at 5.75%, due July 2021.	130,810	-
Canada Mortgage and Housing Corporation ("CMHC") housing loan repayable in monthly instalments of \$29,223 including interest at 2.16%, due February 2024.	1,294,286	-
RBC Royal Bank loan repayable in monthly instalments of \$918 including interest at 4.78%, due March 2021. This loan is secured by a specific vehicle having a net book value of \$19,186 (2018 - \$27,408).	20,926	31,217
RBC Royal Bank equipment loan repayable in monthly instalments of \$1,787 including interest at 4.85%, due March 2022.	59,738	77,793
RBC Royal Bank vehicle loan	-	3,258
RBC Royal Bank vehicle loan	-	30,694
	3,149,439	142,962

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 five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

	Principal
2020	1,888,072
2021	413,315
2022	373,378
2023	339,980
2024	134,694
	3,149,439

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

11. Forgiveable loans

During the year the First Nation has received CMHC forgiveable loans for residential rehabilitation in the amount of \$Nil (2018 - \$Nil). The forgiveable loans are subject to the stipulation that rehabilitation of a residence must be started within six months and completed within one year of the date of the loan approval letter in order to be forgiven.

	2019	2018
Balance outstanding	14,250	23,750
Schedule of forgiveness:		
2019	-	9,500
2020	9,500	9,500
2021	4,750	4,750
	14,250	23,750

12. Contingencies

The First Nation has agreements with Indigenous Services Canada ("ISC") 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. Tangible capital assets

The consolidated schedule of tangible capital assets (Schedule 1) presents all balances and charges in the year relating to the tangible capital assets owned by the First Nation. Tangible capital assets acquired after March 31, 1997 are recorded at cost less amortization on the consolidated statement of financial position. Tangible capital assets acquired prior to April 1, 1997 are deemed to have been fully amortized and are recorded at a nominal value.

14. Inventory

	2019	2018
Fuel inventory	776,775	704,145

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

15. 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.

	2019	2018
Operating Fund		
Balance, beginning of year	20,042,187	18,948,830
Surplus	(115,478)	1,093,357
Balance, end of year	19,926,709	20,042,187
Investment Fund		
Balance, beginning of year	464,259	1,239,045
Investment loss for the year	-	(774,786)
Balance, end of year	464,259	464,259
Total accumulated surplus		
Operating Fund	19,926,709	20,042,187
Investment Fund	464,259	464,259
Balance, end of year	20,390,968	20,506,446

16. Guarantee

The First Nation has guaranteed up to \$130,000 to suppliers of the Nibinamik Community Store. As at March 31, 2019 no liability (2018 - \$Nil) has been recorded associated with this guarantee.

17. Economic dependence

Nibinamik First Nation receives 70% (2018 - 68%) of its revenue from the Government of Canada, and First Nation and Inuit Health as a result of Treaties entered into with the Government of Canada. These Treaties are administered by Indigenous Services Canada 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, 2019

18. Segments

The First Nation has ten 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.

Casino Rama - reports on the Casino Rama funding.

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

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

19. Government transfers

Nibinamik First Nation receives a significant portion of its revenue pursuant to a funding agreement with ISC. Under the terms of the agreement, funding can be suspended if the First Nation does not comply with the terms of the agreement.

	<i>Operating</i>	<i>Capital</i>	<i>2019</i>	<i>2018</i>
Federal government transfers				
Indigenous Services Canada	6,959,794	-	6,959,794	8,357,608
ISC - First Nation and Inuit Health	3,470,177	-	3,470,177	2,506,161
Canada Mortgage and Housing Corporation	31,116	-	31,116	-
Total Federal	10,461,087	-	10,461,087	10,863,769
Provincial government transfers				
Ministry of Tourism and Culture	37,139	-	37,139	50,568
Ministry of Energy, Northern Development and Mines	226,401	-	226,401	226,967
Ministry of Children, Community and Social Services	692,572	-	692,572	582,446
Ministry of Health	534,280	-	534,280	141,569
Ministry of Indigenous Relations and Reconciliation	81,929	-	81,929	100,000
Ministry of Education	143,940	-	143,940	-
Total Provincial	1,716,261	-	1,716,261	1,101,550
	12,177,348	-	12,177,348	11,965,319

20. Budget information

The disclosed budget information has been approved by the Chief and Council of Nibinamik First Nation at the meeting held on December 4, 2017.

21. Financial Instruments

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

22. Subsequent event

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on operations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause delayed or deferred undertaking of capital projects and/or reduced funding levels, which will negatively impact the First Nation's operations and financial condition.

Nibinamik First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2019

	<i>Band vehicles</i>	<i>Computer equipment</i>	<i>Office equipment</i>	<i>Housing</i>	<i>Arena building</i>	<i>Community buildings</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	1,217,498	511,253	188,827	12,419,452	3,135,658	7,262,312	24,735,000
Acquisition of tangible capital assets	243,008	-	-	3,167,890	-	232,602	3,643,500
Balance, end of year	1,460,506	511,253	188,827	15,587,342	3,135,658	7,494,914	28,378,500
Accumulated amortization							
Balance, beginning of year	910,192	506,785	177,505	6,048,734	1,658,041	4,725,698	14,026,955
Annual amortization	120,589	1,340	2,265	397,733	73,880	126,831	722,638
Balance, end of year	1,030,781	508,125	179,770	6,446,467	1,731,921	4,852,529	14,749,593
Net book value of tangible capital assets	429,725	3,128	9,057	9,140,875	1,403,737	2,642,385	13,628,907
2018							
Net book value of tangible capital assets	307,306	4,468	11,322	6,370,718	1,477,617	2,536,614	10,708,045

Nibinamik First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2019

	<i>Subtotal</i>	<i>Electrical infrastructure</i>	<i>Roads</i>	<i>Sewer infrastructure</i>	<i>Heavy equipment</i>	<i>Arena equipment</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	24,735,000	7,452,090	322,124	11,364,138	730,420	58,875	44,662,647
Acquisition of tangible capital assets	3,643,500	965,918	-	28,921	323,033	-	4,961,372
Balance, end of year	28,378,500	8,418,008	322,124	11,393,059	1,053,453	58,875	49,624,019
Accumulated amortization							
Balance, beginning of year	14,026,955	3,361,360	201,060	6,286,763	595,377	57,716	24,529,231
Annual amortization	722,638	181,969	4,843	203,673	59,312	232	1,172,667
Balance, end of year	14,749,593	3,543,329	205,903	6,490,436	654,689	57,948	25,701,898
Net book value of tangible capital assets	13,628,907	4,874,679	116,221	4,902,623	398,764	927	23,922,121
2018							
Net book value of tangible capital assets	10,708,045	4,090,730	121,064	5,077,375	135,043	1,159	20,133,416

Nibinamik First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2019

	<i>Subtotal</i>	<i>Land</i>	<i>2019</i>	<i>2018</i>
Cost				
Balance, beginning of year	44,662,647	236,063	44,898,710	42,533,596
Acquisition of tangible capital assets	4,961,372	-	4,961,372	2,365,114
Balance, end of year	49,624,019	236,063	49,860,082	44,898,710
Accumulated amortization				
Balance, beginning of year	24,529,231	-	24,529,231	23,525,209
Annual amortization	1,172,667	-	1,172,667	1,004,022
Balance, end of year	25,701,898	-	25,701,898	24,529,231
Net book value of tangible capital assets	23,922,121	236,063	24,158,184	20,369,479
	2018			
Net book value of tangible capital assets	20,133,416	236,063	20,369,479	

Nibinamik First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2019

	<i>2019 Budget</i>	<i>2019 Actual</i>	<i>2018 Actual</i>
Consolidated expenses (recoveries) by object			
Administration	11,422	-	-
Advertising	5,000	168	7,042
Amortization	882,856	1,172,667	1,004,022
Bad debts	-	1,440,997	16,764
Bank charges and interest	40,042	31,078	34,856
Community donations	-	-	4,144
Community events	165,696	-	216,761
Furniture and equipment	80,000	-	221,010
Consulting	-	-	278,825
Contracts and consulting	267,544	81,216	261,842
Crisis	300,000	18,771	371,331
Fuel	370,000	1,144,685	1,230,029
Honoraria	205,713	424,282	193,704
Insurance	21,796	49,895	20,482
Interest on long-term debt	12,024	75,434	17,814
Meeting	115,000	5,564	84,098
Miscellaneous	-	(87,978)	2,918
Office expense	81,722	103,358	107,509
Office rent	3,900	-	-
Other expenses	-	178,195	179,562
Professional fees	119,000	322,888	279,355
Program expense	4,096,871	3,375,113	2,130,941
Repairs and maintenance	625,113	1,126,279	995,549
Salaries and employee benefits	4,310,697	4,122,085	3,880,910
Student expenses	64,998	-	62,035
Supplies	253,635	424,018	262,668
Telephone	107,377	85,212	112,445
Training	392,321	232,091	250,467
Travel	432,273	990,966	784,859
Tuition	399,700	208,120	287,184
Utilities	528,251	549,008	521,842
Vehicle and fuel	194,614	111,764	132,633
	14,087,565	16,185,876	13,953,601

Nibinamik First Nation

Schedule 3 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2019

	<i>Budget (unaudited)</i>	<i>ISC Revenue</i>	<i>Other Revenue</i>	<i>Deferred Revenue, beginning of year</i>	<i>Deferred Revenue, end of year</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Transfers From (To)</i>	<i>Current Surplus (Deficit)</i>
Program									
Administration	(1,468,165)	903,051	624,554	-	(1,236,771)	290,834	3,759,611	607,532	(2,861,245)
Casino Rama	488,275	-	1,205,681	-	-	1,205,681	380,063	(771,818)	53,800
Community support	77,576	398,380	16,900	-	-	415,280	382,319	38,821	71,782
Lands & Resources	37,522	172,480	475,234	273,383	-	921,097	460,940	-	460,157
Band Operations and Maintenance	(499,362)	1,575,934	864,768	351,365	-	2,792,067	1,877,564	-	914,503
Health	173,484	-	3,470,177	-	-	3,470,177	2,993,485	-	476,692
Social Services	-	28,600	1,954,912	386,069	-	2,369,581	1,634,684	-	734,897
Economic/Employment Development	122,841	50,000	274,509	66,988	-	391,497	1,246,458	125,465	(729,496)
Education	99,445	3,831,349	66,923	315,913	-	4,214,185	3,450,752	-	763,433
Total	(968,384)	6,959,794	8,953,658	1,393,718	(1,236,771)	16,070,399	16,185,876	-	(115,477)