

**The Nipissing 2013
Boundary Claim Trust
Financial Statements**
December 31, 2016

**The Nipissing 2013
Boundary Claim Trust
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For the year ended December 31, 2016

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Management's Responsibility

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

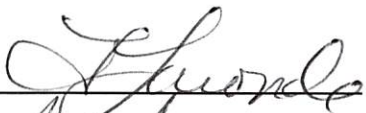
The Trustees have the responsibility for the preparation and presentation of the accompanying financial statements and ensuring that all information in the annual report is consistent with the financial statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with the financial reporting requirements of The Nipissing 2013 Boundary Claim Trust Agreement.

In discharging its responsibilities for the integrity and fairness of the financial statements, the Trustees design and maintain 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 financial statements.

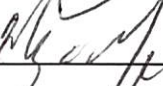
The Trustees provide services to the Trust and are responsible for financial reporting and for approving the financial statements. The Trustees fulfill these responsibilities by reviewing the financial information prepared and by discussing relevant matters with the Chief and Council of Nipissing First Nation and external auditors.

MNP LLP is appointed by the Trustees to audit the financial statements and report directly to the Members of Nipissing First Nation; their report follows. The external auditors have full and free access to, and meet periodically and separately with, the Trustees to discuss their audit findings.


March 3, 2017




Trustee




Trustee



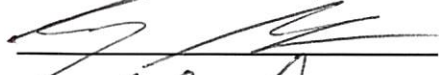
Trustee



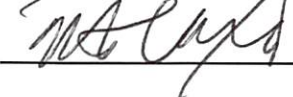
Trustee



Trustee



Trustee



Trustee

Independent Auditors' Report

To the Trustees of The Nipissing 2013 Boundary Claim Trust and the Chief and Council and Members of Nipissing First Nation:

We have audited the accompanying financial statements of The Nipissing 2013 Boundary Claim Trust, which comprise the statement of financial position as at 2016, and the statements of operations and changes in trust equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting requirements of The Nipissing 2013 Boundary Claim Trust Agreement, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Nipissing 2013 Boundary Claim Trust as at December 31, 2016 and the results of its operations, and changes in trust equity and cash flows for the year then ended in accordance with financial reporting requirements of The Nipissing 2013 Boundary Claim Trust Agreement.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared by management to comply with the financial reporting requirements of The Nipissing 2013 Boundary Claim Trust Agreement. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Trustees of The Nipissing 2013 Boundary Trust, the Chief and Council and Members of Nipissing First Nation and should not be distributed to, or used by, parties other than the Trustees, the Chief and Council and Members of Nipissing First Nation.

Cambridge, Ontario

March 3, 2017

MNP LLP

Chartered Professional Accountants



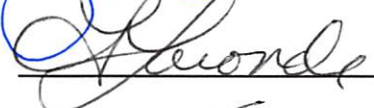
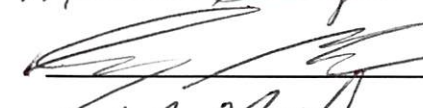

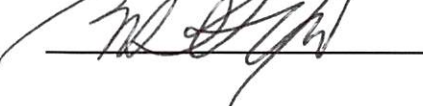

Licensed Public Accountants

MNP

**The Nipissing 2013
Boundary Claim Trust
Statement of Financial Position**
As at December 31, 2016

	2016	2015
Assets		
Current		
Cash and cash equivalents	5,280,177	6,709,366
Accrued investment income receivable	220,343	268,640
	5,500,520	6,978,006
Investments (Note 3)	79,508,121	80,809,915
Promissory note receivable (Note 4)	1,543,000	-
	86,551,641	87,787,921
Liabilities		
Current		
Accounts payable and accrued charges	121,609	90,974
Per Capita Distribution payable (Note 5)	640,000	640,000
Due to Nipissing First Nation (Note 6)	2,435,194	3,613,965
	3,196,803	4,344,939
Trust Equity		
Equity in trust fund	83,354,838	83,442,982

Approved on behalf of the Trustees

	Trustee		Trustee
	Trustee		Trustee
	Trustee		Trustee
	Trustee		

**The Nipissing 2013
Boundary Claim Trust**
Statement of Operations and Changes in Trust Equity
For the year ended December 31, 2016

	2016	2015
Revenues		
Dividends	1,282,184	1,731,027
Interest	970,577	1,145,607
Realized gain on disposal of investments	1,570,182	2,600,531
	3,822,943	5,477,165
Authorized expenses		
Honorarium	9,200	6,600
Meetings	13,847	3,835
Professional fees	14,511	22,679
Travel	7,783	5,831
Trustees and investment management fees <i>(Note 7)</i>	557,316	523,990
	602,657	562,935
Excess of revenues over authorized expenses	3,220,286	4,914,230
Trust equity, beginning of year	83,442,982	82,737,416
Per capita distribution for minors <i>(Note 8)</i>	(873,236)	(654,699)
Per capita distribution repayments	-	60,000
Annual income transfer to Nipissing First Nation <i>(Note 6)</i>	(2,435,194)	(3,613,965)
Trust equity, end of year	83,354,838	83,442,982

The accompanying notes are an integral part of these financial statements

**The Nipissing 2013
Boundary Claim Trust
Statement of Cash Flows**
For the year ended December 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenues over authorized expenses	3,220,286	4,914,230
Realized gain on disposal of investments	(1,570,182)	(2,600,531)
	1,650,104	2,313,699
Changes in working capital accounts		
Accrued investment income receivable	48,297	(216,321)
Accounts payable and accrued charges	30,635	(914)
Due to Nipissing First Nation	(1,178,771)	1,398,405
Per Capita Distribution payable	-	(140,000)
	550,265	3,354,869
Investing activities		
Per capita distribution for minors	(873,236)	(654,699)
Per capita distribution repayments	-	60,000
Annual income transfer to Nipissing First Nation	(2,435,194)	(3,613,965)
Investments sold - net	1,328,976	504,067
	(1,979,454)	(3,704,597)
Decrease in cash and cash equivalents	(1,429,189)	(349,728)
Cash and cash equivalents, beginning of year	6,709,366	7,059,094
Cash and cash equivalents, end of year	5,280,177	6,709,366

The accompanying notes are an integral part of these financial statements

**The Nipissing 2013
Boundary Claim Trust
Notes to the Financial Statements**
For the year ended December 31, 2016

1. Operations

Nipissing First Nation (the "First Nation") and Her Majesty the Queen in Right of Canada ("Canada") entered into a Settlement Agreement to compensate the First Nation for receiving a smaller reserve than originally agreed upon in the 1850 Robinson Huron Treaty. As compensation for this settlement, Canada paid \$123,674,730 into a Trust Account governed by The Nipissing 2013 Boundary Claim Trust Agreement (the "Trust Agreement") established on May 30, 2013. Members of Nipissing First Nation gave assent and ratification to the terms of the Settlement Agreement and the Trust Agreement on October 2, 2013.

A corporate trustee will administer the Trust in accordance with the Trust Agreement and the Investment Policy for the Trust. The Trustees are responsible to invest the trust funds and pay the annual income to Nipissing First Nation as set out in the Trust Agreement for the long-term benefit of the First Nation.

The Trust Agreement provides specific provisions as to the procedures to be followed in the operation of the Trust.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with the significant accounting policies set out below to comply with the financial reporting requirements prescribed by the Trust Agreement.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with a maturity less than three months. These investments are carried at cost which approximates market value.

Investments

Investments are recorded at cost. No provisions are made for any decline in value of the investments. Gains and losses are only recognized when realized.

Premiums and discounts on purchases of long-term bonds are not amortized to income over the terms of the bond, but are included in the cost of the investment and included in the determination of capital gains and losses at disposal or maturity.

Revenue recognition

Investment income is recorded using the accrual basis, in accordance with the Trust Agreement.

Transfers to Nipissing First Nation

The transfer of funds to Nipissing First Nation are recorded as equity transfers.

Authorized expenses

Authorized expenses are recorded using the accrual basis of accounting, in accordance with the Trust Agreement.

Measurement uncertainty

The preparation of financial statements 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 financial statements, and reported amounts of revenues and authorized expenses during the fiscal year. Accrued charges are based on management's expectation of amounts payable for goods and services for which invoices were not received prior to the year end. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over authorized expenses in the year in which they become known.

Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Foreign exchange amounts affect the carrying cost of investments purchased. Current foreign exchange rates affect the reported market value of investments. At December 31, 2016, the rate used to translate the cost and market value of assets denominated in US dollars is 1.3465 (2015 - 1.3865).

**The Nipissing 2013
Boundary Claim Trust
Notes to the Financial Statements**
For the year ended December 31, 2016

3. Investments

	2016		2015	
	Cost	Market	Cost	Market
Bonds	36,963,552	37,029,266	36,654,621	37,223,358
Canadian equities	16,018,545	19,676,901	16,419,428	17,484,485
US equities	17,887,193	23,437,510	19,312,278	24,986,297
International equities	8,638,831	9,689,061	8,423,588	10,159,844
Total	79,508,121	89,832,738	80,809,915	89,853,984

Included in Bonds are various Federal, Provincial and Corporate Bonds maturing from 2017 to 2029 (2015 - 2016 to 2045) with interest rates ranging from 0.75% to 6.80% (2015 - 0.70% to 6.80%).

4. Promissory note receivable

The promissory note receivable bears interest at 3.70% payable in annual instalments of \$151,659 with the final payment due August 2029.

5. Per Capita Distribution in Trust

The Per Capita Distribution payable to Members of the First Nation totaled \$640,000 as at December 31, 2016 (2015 - \$640,000). Rather than being maintained in a separate account in trust, these unclaimed amounts have been reinvested until such time as the unclaimed amount is claimed by a qualifying member.

As per the Trust Agreement, unpaid Per Capita Distribution amounts remain a liability in trust until at least ten years after a member fails to claim their Per Capita Distribution allocation.

6. Due to Nipissing First Nation

Pursuant to the Trust Agreement, the annual income of the Trust generated during each fiscal year shall be transferred to an account established and controlled by Nipissing First Nation. The annual income is calculated as the revenues realized from the Trust, including dividends, interest, and half of the aggregate of realized gains less realized losses carried forward, and authorized expenses.

	2016	2015
Dividend income	1,282,184	1,731,027
Interest income	970,577	1,145,607
Add: One-half of realized gains on disposal of investments	785,090	1,300,266
Less: Authorized expenses	(602,657)	(562,935)
	2,435,194	3,613,965

Nipissing First Nation is related to the Trust as it is the Settlor of the Trust. The amount due and payable to Nipissing First Nation, is unsecured, non-interest bearing and expected to be paid in the first ninety days of the next fiscal year.

**The Nipissing 2013
Boundary Claim Trust
Notes to the Financial Statements**
For the year ended December 31, 2016

7. Trustee and investment management fees

As outlined in the Trust Agreement, in return for providing corporate trustee and administrative services, Peace Hills Trust charges the Trust an annual corporate trustee fee of 0.40% per annum on the first \$10,000,000, 0.30% of the next \$10,000,000 and 0.06% thereafter on the balance of the average market value under administration.

The Trust engaged Mawer Investment Management Ltd. and Lincluden Investment Management Ltd. to be the investment managers.

Mawer Investment Management is charging the Trust an investment management fee of 0.50% per annum on the first \$10,000,000, and 0.30% thereafter on the balance of the average market value of assets it has invested on behalf of the Trust.

Lincluden Investment Management is charging the Trust an investment management fee of 0.45% per annum on the first \$10,000,000, 0.35% on the next \$15,000,000 and 0.03% thereafter on the balance of the average market value of assets it has invested on behalf of the Trust.

The Trust Agreement also called for the use of a third-party investment supervision firm. The Trust engaged T.E. Investment Counsel Inc. to provide monitoring of the above mentioned investment management companies.

T.E. Investment Counsel Inc. is charging the Trust an investment supervision fee of 0.10% per annum on the first \$35,000,000, 0.05% of the next \$30,000,000 and 0.02% thereafter on the balance of the average market value of assets under supervision.

As at December 31, 2016, accounts payable and accrued charges include \$9,655 (2015 - \$9,654) for corporate trustee fees, \$89,459 (2015 - \$57,250) for investment management fees and \$12,495 (2015 - \$14,070) for investment monitoring fees.

Total trustee and investment management fees paid are comprised of:

	2016	2015
Investment supervision fee - T.E. Investment Counsel Inc.	54,329	55,820
Investment management fee - Lincluden	178,823	168,277
Investment management fee - Mawer	209,597	184,916
Corporate trustee fee - Peace Hills Trust	114,567	114,977
	557,316	523,990

8. Per capita distribution for minors

Per capita distribution for minors is comprised of the Per Capita Distribution and an adjustment for inflation paid to 41 (2015 - 32) eligible members who reached the age of eighteen during the year.

9. Financial instruments

Risk management policy

The Trust has developed an Investment Policy Statement to manage risk. The Investment Policy Statement seeks to lower risk through diversification, monitoring the credit quality of investments and the liquidity requirements of the Trust.

Credit risk

Financial instruments that potentially subject the Trust to concentrations of credit risk consist of cash and cash equivalents and investments. Management does not believe the risk is significant as cash and cash equivalents are maintained in well established financial institutions and the investments are only made in investment grade securities.

**The Nipissing 2013
Boundary Claim Trust
Notes to the Financial Statements**
For the year ended December 31, 2016

9. Financial instruments *(Continued from previous page)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as price risk. Financial instruments exposing the Trust to interest rate risk are bonds and other debt instruments. Management attempts to minimize this risk by selecting investments with a variety of interest rates and maturity dates, including fixed rate investments.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Trust's investments in publicly-traded securities and bonds exposes the Trust to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic conditions and restrictions on credit markets. The Trust manages this risk by continually evaluating the quality of its equity, debt and other investments. The Trust has also engaged T.E. Investment Counsel Inc. to supervise and report on the investing performance of the investment managers of the Trust.

Foreign currency risk

The Trust is exposed to foreign currency risk as some investments are settled in foreign currencies. Changes in foreign currencies do not affect the carrying cost of investments reported in the statement of financial position. The Trust does not use derivatives to manage its foreign currency risk.

10. Comparative figures

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