

Financial Statements of

**NIPISSING BAND OF OJIBWAYS -
LAND CLAIMS SETTLEMENT TRUST**

Year ended December 31, 2017



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INDEPENDENT AUDITORS' REPORT

To the Trustees of Nipissing Band of Ojibways - Land Claims Settlement Trust

We have audited the accompanying financial statements of Nipissing Band of Ojibways - Land Claims Settlement Trust, which comprise the statement of financial position as at December 31, 2017, the statements of operations and changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 our 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, we consider 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 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 Nipissing Band of Ojibways - Land Claims Settlement Trust as at December 31, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 25, 2018

North Bay, Canada

NIPISSING BAND OF OJIBWAYS - LAND CLAIMS SETTLEMENT TRUST

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 354,343	\$ 361,569
Interest receivable	935	1,353
<u>Current portion of investments (note 2)</u>	<u>11,003</u>	<u>13,044</u>
	366,281	375,966
Investments (note 2)	234,663	228,753
	<u>\$ 600,944</u>	<u>\$ 604,719</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,200	\$ 8,700
<u>Due to Nipissing First Nation (note 3)</u>	<u>112,912</u>	<u>112,912</u>
	119,112	121,612
Unrestricted net assets	481,832	483,107
	<u>\$ 600,944</u>	<u>\$ 604,719</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Trustee

_____ Trustee

NIPISSING BAND OF OJIBWAYS - LAND CLAIMS SETTLEMENT TRUST

Statement of Operations and Changes in Net Assets

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Interest	\$ 7,739	\$ 2,957
Gain on sale of investments	235	3,674
	<u>7,974</u>	<u>6,631</u>
Expenses:		
Administration	3,600	5,100
Professional fees	2,996	4,554
Interest and bank charges	1,653	1,660
Honorariums	1,000	2,000
	<u>9,249</u>	<u>13,314</u>
Deficiency of revenue over expenses	(1,275)	(6,683)
Net assets, beginning of year	483,107	489,790
Net assets, end of year	<u>\$ 481,832</u>	<u>\$ 483,107</u>

See accompanying notes to financial statements.

NIPISSING BAND OF OJIBWAYS - LAND CLAIMS SETTLEMENT TRUST

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash and cash equivalents provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (1,275)	\$ (6,683)
Changes in non-cash operating working capital:		
Interest receivable	418	14
Investments	(3,869)	(3,820)
Accounts payable and accrued liabilities	(2,500)	3,200
Decrease in cash and cash equivalents	(7,226)	(7,289)
Cash and cash equivalents, beginning of year	361,569	368,858
Cash and cash equivalents, end of year	\$ 354,343	\$ 361,569

See accompanying notes to financial statements.

NIPISSING BAND OF OJIBWAYS - LAND CLAIMS SETTLEMENT TRUST

Notes to Financial Statements

Year ended December 31, 2017

Nature of operations:

Nipissing Band of Ojibways - Land Claims Settlement Trust (the "Trust") was created under agreement date December 1, 1993 for the benefit of Nipissing First Nation. The purpose of the Trust is to hold and administer all proceeds received by Nipissing First Nation from land claim settlements.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with the standards applicable to government not-for-profit organizations found in the Chartered Professional Accountants of Canada Public Sector Accounting Handbook. A statement of remeasurement gains and losses has not been included as there is no matters to report therein.

(a) Revenue recognition:

The Trust follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized as revenue when earned.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits, which are highly liquid with original maturities of less than three months from the date of acquisition.

NIPISSING BAND OF OJIBWAYS - LAND CLAIMS SETTLEMENT TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies: (continued)

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Trust has not elected to carry any such financial instruments at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the losses reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

Investments in guaranteed investment certificates and government bonds are recorded at amortized cost.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

NIPISSING BAND OF OJIBWAYS - LAND CLAIMS SETTLEMENT TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies: (continued)

(c) Financial instruments: (continued)

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(d) Use of estimates:

The preparation of the 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 the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

2. Investments:

	Level	2017	2016
Carried at amortized cost:			
Government Bonds	2	\$ 245,666	\$ 241,797
Less investments maturing within the next twelve months	2	(11,003)	(13,044)
		\$ 234,663	\$ 228,753

The investments have an average effective interest rate of 2.93% (2016 - 2.96%), with maturities ranging from March 2018 to June 2028, (2016 - January 2017 to June 2025).

NIPISSING BAND OF OJIBWAYS - LAND CLAIMS SETTLEMENT TRUST

Notes to Financial Statements (continued)

Year ended December 31, 2017

3. Related party transactions:

Pursuant to its trust indenture, the Trust must make an annual contribution to Nipissing First Nation, its sole beneficiary, in an amount equal to the excess of its revenues over expenses in any fiscal year.

The amount due to Nipissing First Nation is unsecured, non-interest bearing and has no fixed terms of repayment.

4. Financial risks:

Interest rate risk:

The Trust's investments, consisting of interest bearing securities, are held-to-maturity and therefore do not expose the Trust to interest rate risk.