

**The Nipissing 2013
Boundary Claim Trust
Financial Statements**
December 31, 2019

**The Nipissing 2013
Boundary Claim Trust
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For the year ended December 31, 2019

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Management's Responsibility

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

The accompanying financial statements of The Nipissing 2013 Boundary Claim Trust are the responsibility of the Trust's management and have been approved by the Trustee.

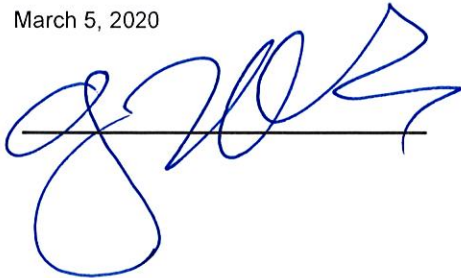
Trust management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with The Nipissing 2013 Boundary Claim Trust Agreement. This responsibility includes selecting appropriate 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 financial statements, trust management 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, both the Trustee and Trust management to discuss their audit findings.

March 5, 2020



Trustee

Independent Auditor's Report

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

Opinion

We have audited the financial statements of The Nipissing 2013 Boundary Claim Trust (the "Trust"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in trust equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting requirements of The Nipissing 2013 Boundary Claim Trust Agreement.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Trust 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 Chief and Council and members of Nipissing First Nation and should not be distributed to, or used by, parties other than the Chief and Council and members of Nipissing First Nation. Our opinion is not modified in respect of this matter.

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

Trust management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, trust management is responsible for assessing the Trust'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 trust management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- Conclude on the appropriateness of the Trustee'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 Trust'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 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 Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Cambridge, Ontario

March 5, 2020

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

**The Nipissing 2013
Boundary Claim Trust
Statement of Financial Position**
As at December 31, 2019

	2019	2018
Financial assets		
Cash and cash equivalents	5,519,516	3,661,013
Accrued investment income receivable	527,090	383,781
Investments (Note 3)	76,578,220	79,736,278
Loans receivable (Note 4)	9,716,199	5,538,712
Total of financial assets	92,341,025	89,319,784
Financial Liabilities		
Accounts payable and accrued charges	100,191	99,805
Per Capita Distribution payable (Note 5)	360,000	420,000
Due to Nipissing First Nation (Note 6)	4,713,856	3,933,098
Total of financial liabilities	5,174,047	4,452,903
Trust Equity		
Equity in trust fund	87,166,978	84,866,881

Approved on behalf of the Trustees



Trustee

**The Nipissing 2013
Boundary Claim Trust**
Statement of Operations and Changes in Trust Equity
For the year ended December 31, 2019

	2019	2018
Revenues		
Dividends	1,540,621	1,397,227
Interest	1,485,726	1,272,911
Realized gain on disposal of investments	4,379,807	3,199,201
	7,406,154	5,869,339
Authorized expenses		
Honorarium	10,257	8,570
Meetings	644	10,170
Professional fees	19,651	23,013
Recovery of foreign withholding taxes	-	(178,468)
Travel	5,004	5,555
Trustees and investment management fees (Note 7)	466,839	467,799
	502,395	336,639
Excess of revenues over authorized expenses	6,903,759	5,532,700
Trust equity, beginning of year	84,866,881	84,003,734
Equity contribution from Nipissing First Nation	593,804	-
Per capita distribution for minors (Note 8)	(483,610)	(736,455)
Annual income transfer to Nipissing First Nation (Note 6)	(4,713,856)	(3,933,098)
Trust equity, end of year	87,166,978	84,866,881

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, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenues over authorized expenses	6,903,759	5,532,700
Realized gain on disposal of investments	(4,379,807)	(3,199,201)
Annual income transfer to Nipissing First Nation	(4,713,856)	(3,933,098)
Equity contribution from Nipissing First Nation	593,804	-
	(1,596,100)	(1,599,599)
Changes in working capital accounts		
Accrued investment income receivable	(143,309)	14,611
Accounts payable and accrued charges	386	(3,562)
Due to Nipissing First Nation	780,758	416,932
Per Capita Distribution for minors	(483,610)	(736,455)
Per Capita Distribution payable	(60,000)	(80,000)
	(1,501,875)	(1,988,073)
Investing activities		
Investments sold - net	7,537,865	1,214,671
Advances of loans receivable	(4,383,588)	-
Repayment of loans receivable	206,101	198,748
	3,360,378	1,413,419
Increase (decrease) in cash and cash equivalents	1,858,503	(574,654)
Cash and cash equivalents, beginning of year	3,661,013	4,235,667
Cash and cash equivalents, end of year	5,519,516	3,661,013

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, 2019

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 recognized in the statement of operations 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, 2019, the rate used to translate the cost and market value of assets denominated in US dollars is 1.2988 (2018 - 1.3642).

**The Nipissing 2013
Boundary Claim Trust**
Notes to the Financial Statements
For the year ended December 31, 2019

3. Investments

	2019		2018	
	Cost	Market	Cost	Market
Bonds	36,725,122	36,740,411	36,712,235	36,211,329
Canadian equities	15,022,206	19,222,580	16,489,758	18,416,837
US equities	14,652,933	20,755,508	15,201,321	19,733,007
International equities	10,177,959	11,957,995	10,068,491	11,402,552
Mutual Funds	-	-	1,264,473	1,264,477
Total	76,578,220	88,676,494	79,736,278	87,028,202

Included in Bonds are various federal, provincial and corporate bonds maturing from 2020 to 2032 (2018 - 2019 to 2029) with interest rates ranging from 1.00% to 6.50% (2018 - 1.00% to 4.93%).

4. Loans receivable

The loans receivable are comprised of the following:

	2019	2018
Nipissing Solar Promissory Note		
Loan receivable bearing interest at 3.70%, payable in annual installments of \$58,517, due August 31, 2037, secured by band council resolution.	759,180	788,521
Community Development Loan #1		
Loan receivable bearing interest at 3.70%, payable in annual installments of \$352,517, due May 24, 2037, secured by band council resolution.	4,573,431	4,750,191
Community Development Loan #2		
Loan receivable bearing interest at 3.95%, payable in annual installments of \$321,126, due April 3, 2039, secured by band council resolution	4,383,588	-
	9,716,199	5,538,712

5. Per Capita Distribution payable

The Per Capita Distribution payable to members of the First Nation totaled \$360,000 as at December 31, 2019 (2018 - \$420,000). 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.

**The Nipissing 2013
Boundary Claim Trust**
Notes to the Financial Statements
For the year ended December 31, 2019

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.

	2019	2018
Dividend income	1,540,621	1,397,227
Interest income	1,485,726	1,272,911
Add: One-half of realized gains on disposal of investments	2,189,904	1,599,599
Less: Authorized expenses	(502,395)	(336,639)
	4,713,856	3,933,098

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.

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.

As at December 31, 2019, accounts payable and accrued charges include \$10,038 (2018 - \$9,655) for corporate trustee fees and \$80,151 (2018 - \$80,151) for investment management fees.

Total trustee and investment management fees paid are comprised of:

	2019	2018
Investment management fee - Lincluden	160,295	161,868
Investment management fee - Mawer	187,892	189,015
Corporate trustee fee - Peace Hills Trust	118,652	116,916
	466,839	467,799

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 22 (2018 - 34) eligible members who reached the age of eighteen during the year.