

**The Nipissing 2013
Boundary Claim Trust
Financial Statements**
December 31, 2022

**The Nipissing 2013
Boundary Claim Trust
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For the year ended December 31, 2022

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Management's Responsibility

To the Chief and Council and Members of The 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 Canadian accounting standards for private enterprises. 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 Trustee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Trustee fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Trustee is also responsible for recommending the appointment of the Trust's external auditors.

MNP LLP is appointed by the Trustee to audit the 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 Trustee and management to discuss their audit findings.

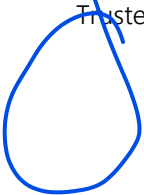
February 28, 2023

Peace Hills Trust Company

Per



Trustee



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 balance sheet as at December 31, 2022, and the statements of income (loss), 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, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

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.

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 Canadian accounting standards for private enterprises, and for such internal control as Trust 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 Trust management.
- Conclude on the appropriateness of Trust 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 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.

Waterloo, Ontario

February 28, 2023

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants


The Nipissing 2013 Boundary Claim Trust

Balance Sheet


As at December 31, 2022

	2022	2021
Assets		
Current		
Cash and cash equivalents	4,341,903	4,944,371
Accrued investment income receivable	340,679	495,888
Current portion of loans receivable (Note 3)	476,565	389,730
	5,159,147	5,829,989
Investments (Note 4)	82,931,282	98,215,164
Loans receivable (Note 3)	10,184,109	8,589,313
	98,274,538	112,634,466
Liabilities		
Current		
Accounts payable and accrued charges	76,862	77,577
Due to Nipissing First Nation (Note 5)	3,735,786	5,625,771
Per Capita Distribution payable (Note 6)	200,000	200,000
Current portion of due to minors (Note 7)	933,350	787,317
	4,945,998	6,690,665
Due to minors (Note 7)	4,684,650	5,054,991
	9,630,648	11,745,656
Trust Equity		
Unrealized gains	2,585,996	16,178,248
General fund	86,057,894	84,710,562
	88,643,890	100,888,810
	98,274,538	112,634,466

Approved on behalf of Trustees



Trustee



The Nipissing 2013 Boundary Claim Trust
Statement of Income (Loss)
For the year ended December 31, 2022

	2022	2021
Revenue		
Dividend and investment income	1,694,954	1,056,911
Interest income	893,975	1,420,880
Realized gains on disposal of investments	3,386,861	7,376,745
	5,975,790	9,854,536
Expenses		
Honorarium	8,326	9,957
Professional fees	20,503	13,750
Trustee and management fees <i>(Note 8)</i>	517,745	516,686
	546,574	540,393
Income before other item	5,429,216	9,314,143
Change in unrealized gains on investments	(13,592,252)	1,360,330
Net income (loss)	(8,163,036)	10,674,473

The Nipissing 2013 Boundary Claim Trust

Statement of Changes in Trust Equity

For the year ended December 31, 2022

	<i>Unrealized gains</i>	<i>General Fund</i>	<i>Total trust equity</i>
Balance December 31, 2020	14,817,918	81,234,027	96,051,945
Share of net income	1,360,330	9,314,143	10,674,473
Annual income transfer to Nipissing First Nation (Note 5)	-	(5,625,771)	(5,625,771)
Accrued interest on due to minors	-	(251,837)	(251,837)
Reduction to initial per capita distribution	-	40,000	40,000
Balance December 31, 2021	16,178,248	84,710,562	100,888,810
Share of net income (loss)	(13,592,252)	5,429,216	(8,163,036)
Annual income transfer to Nipissing First Nation (Note 5)	-	(3,735,786)	(3,735,786)
Accrued interest on due to minors	-	(346,098)	(346,098)
Balance December 31, 2022	2,585,996	86,057,894	88,643,890

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, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating activities		
Net income (loss)	(8,163,036)	10,674,473
Change in unrealized gains on investments	13,592,252	(1,360,330)
Realized gain on disposal of investments	(3,386,861)	(7,376,745)
Annual income transfer to Nipissing First Nation	(5,625,771)	(3,127,540)
	(3,583,416)	(1,190,142)
Changes in working capital accounts		
Accrued investment income receivable	155,209	6,013
Accounts payable and accrued charges	(715)	(22,661)
Per Capita Distribution to minors	(570,406)	(692,048)
Per Capita Distribution payable	-	(60,000)
	(3,999,328)	(1,958,838)
Investing activities		
Net investments sold	5,078,491	2,288,713
Advances of loans receivable	(2,071,361)	-
Repayment of loans receivable	389,730	375,455
	3,396,860	2,664,168
Increase (decrease) in cash and cash equivalents	(602,468)	705,330
Cash and cash equivalents, beginning of year	4,944,371	4,239,041
Cash and cash equivalents, end of year	4,341,903	4,944,371

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, 2022

1. Nature of 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

The financial statements have been prepared in accordance with Canadian accounting standards for private enterprises set out in Part II of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Foreign currency translation

These financial statements have been presented in Canadian dollars, the principal currency of the Trust's operations.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the balance sheet date. Gains and losses on translation or settlement are included in the determination of net income (loss) for the current year.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with a maturity of three months or less.

Investments

Investments with prices quoted in an active market are measured at fair value. Changes in fair value are recorded immediately in net income (loss).

Revenue recognition

Interest, dividend and investment income are recognized by the Trust when they are earned. Changes in market value of the investments subsequent to acquisition are recognized as the market values become known. Realized gains and losses on disposal of investments are recorded in net income (loss) as they are realized.

Transfers to Nipissing First Nation

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises 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 revenues and expenses during the year.

Significant items subject to such estimates and assumptions include the valuation of investments which derive fair values from external sources, the valuation of loans receivable, the valuation of accrued investment income receivable and accounts payable and accrued charges. Actual results may differ from such estimates.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the years in which they become known.

The Nipissing 2013 Boundary Claim Trust

Notes to the Financial Statements

For the year ended December 31, 2022

2. Significant accounting policies (Continued from previous page)

Income taxes

The Trust is classified as a "reversionary intervivos trust" under the Income Tax Act of Canada. The Trust distributes to its beneficiaries all of the income for Canadian federal income tax purposes derived from the Trust Property with the result that the Trust is not liable for any income taxes.

Financial instruments

The Trust recognizes its financial instruments when the Trust becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Trust may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Trust has not made such an election during the year.

The Trust subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or 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. All other financial assets and liabilities are subsequently measured at amortized cost.

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

Related party financial instruments

The Trust initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Trust may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Trust has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Trust does not currently hold any related party investments or derivative instruments.

Financial instruments that were initially measured at cost are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in net income (loss).

The Nipissing 2013 Boundary Claim Trust

Notes to the Financial Statements

For the year ended December 31, 2022

2. Significant accounting policies (Continued from previous page)

Financial instruments (Continued from previous page)

Financial asset impairment

The Trust assesses impairment of all its financial assets measured at cost or amortized cost. The Trust groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Trust determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Trust reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the balance sheet date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Trust reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the balance sheet date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year net income (loss).

The Trust reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in net income (loss) in the year the reversal occurs.

The Nipissing 2013 Boundary Claim Trust
Notes to the Financial Statements
For the year ended December 31, 2022

3. Loans receivable

The loans receivable are comprised of the following:

	2022	2021
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.	664,479	697,199
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.	4,002,934	4,200,049
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.	3,921,900	4,081,795
Community Development Loan #4		
Loan receivable bearing interest at 3.45%, payable in annual installments of \$119,073 due April 30, 2042, secured by band council resolution.	1,700,000	-
Community Development Loan #5		
Loan receivable bearing interest at 4.70%, payable in annual installments of \$29,046, due July 1, 2042, secured by band council resolution.	371,361	-
	10,660,674	8,979,043
Less: current portion	(476,565)	(389,730)
	10,184,109	8,589,313

4. Investments

The allocation of investments at market value at December 31, 2022 was as follows:

	2022	2021
Fixed income	7,576,226	36,611,073
Canadian equities	19,129,282	21,629,456
US equities	30,629,202	24,875,651
Mutual funds	25,596,572	-
International equities	-	15,098,984
	82,931,282	98,215,164

The Nipissing 2013 Boundary Claim Trust

Notes to the Financial Statements

For the year ended December 31, 2022

5. 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.

	2022	2021
Dividend and investment income	1,694,954	1,056,911
Interest income	893,975	1,420,880
Add: One-half of realized gains on disposal of investments	1,693,431	3,688,373
Less: Authorized expenses	(546,574)	(540,393)
	3,735,786	5,625,771

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.

6. Per Capita Distribution payable

The Per Capita Distribution payable to members of the First Nation totaled \$200,000 as at December 31, 2022 (2021 - \$200,000). 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.

7. Per Capita Distribution for minors

Per capita distribution for minors is comprised of the Per Capita Distribution for those members who were alive on the date of execution of the Trust but not yet the age of eighteen. Minor's are entitled to \$20,000, adjusted for inflation.

8. Trustee and investment management fees

As at December 31, 2022, accounts payable and accrued charges include \$9,734 (2021 - \$10,454) for corporate trustee fees and \$57,123 (2021 - \$57,123) for investment management fees.

Total trustee and investment management fees paid are comprised of:

	2022	2021
Investment management fee - Barrantagh	161,225	142,426
Investment management fee - Fiera Capital	33,092	-
Investment management fee - Foyston, Gordon & Payne Inc.	32,761	-
Investment management fee - Lincluden	-	49,703
Investment management fee - Mawer	172,952	201,738
Corporate trustee fee - Peace Hills Trust	117,715	122,819
	517,745	516,686

The Nipissing 2013 Boundary Claim Trust

Notes to the Financial Statements

For the year ended December 31, 2022

9. Financial instruments

The Trust, as part of its operations, carries a number of financial instruments. It is management's opinion that the Trust is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed. These risks remain unchanged from the prior year except as otherwise noted.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Trust's exposure to credit risk is related to its cash and cash equivalents, certain investments included in investments and its loans receivable. The Trust may be exposed to indirect credit risk in the event that the investment funds hold investments in debt securities. Trust management believes this risk is minimized through the use of professional investment managers and an investment policy that restricts holdings to high grade bonds and mutual funds. Trust management believes the credit risk associated with its loans receivable is minimized as the loans are all due from the First Nation which is the ultimate beneficiary of the Trust and whom is considered to have low credit risk due to its financial health.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Trust does not use derivative instruments to hedge its exposure to fluctuations in foreign currency exchange rates. The following financial assets are denominated in foreign currencies and are thus exposed to foreign currency risk:

	2022 CAD\$	2021 CAD\$
Equities - US	30,629,202	24,875,651
Equities - International	-	15,098,984

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The financial instruments exposing the Trust to interest rate cash flow risk is per capita distribution due to minors, as this item is adjusted for inflation.

Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting obligations associated with financial liabilities. The Trust has a liability to make the per capita distributions to minors, for which payment is required at various future dates. Management mitigates this risk by investing in liquid investments and monitoring upcoming minors distribution requirements.

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 equities and mutual funds expose the Trust to price risks as these instruments are subject to price changes in an open market for a variety of reasons including, investor sentiment and expectations, changes in market rates of interest, general economic indicators and restrictions of credit markets. The Trust does not employ derivative financial instruments to hedge its exposure to other price risk. Management mitigates this risk by retaining professional investment advisors and adopting an investment policy that specifies the types of investments that can be held by the Trust.