

**The Nipissing 2013  
Boundary Claim Trust  
Financial Statements**  
*December 31, 2014*

**The Nipissing 2013  
Boundary Claim Trust  
Contents**

*For the year ended December 31, 2014*

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## Management's Responsibility

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




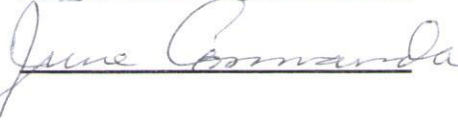
The Trustees have the responsibility for the preparation and presentation of the accompanying financial statements and ensuring that all information in the annual report is consistent with the financial statements. This responsibility includes selecting appropriate accounting principles and making objective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


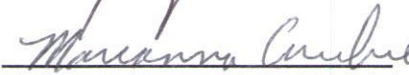

In discharging its responsibilities for the integrity and fairness of the financial statements, the Trustees design and maintain the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records 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 the 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 9, 2015

	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 December 31, 2014, 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, 2014 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.

Cambridge, Ontario

March 9, 2015

**MNP LLP**

Chartered Professional Accountants

Licensed Public Accountants


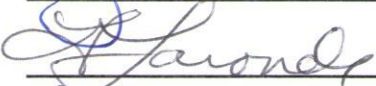
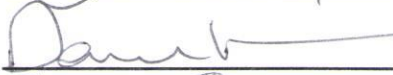
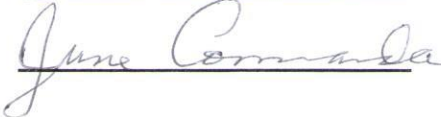



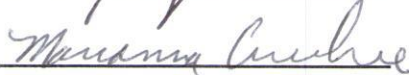
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1.866.464.0740 P: 519.623.3820 F: 519.622.3144 MNP.ca

**The Nipissing 2013  
Boundary Claim Trust  
Statement of Financial Position**  
*As at December 31, 2014*

	2014	2013
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	7,111,413	18,485,568
Per Capita Distribution in Trust (Note 3)	-	2,281,294
	7,111,413	20,766,862
<b>Investments (Note 4)</b>	78,713,451	64,781,629
	85,824,864	85,548,491
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued charges	91,888	77,318
Per Capita Distribution payable (Note 3)	780,000	2,281,294
Due to Nipissing First Nation (Note 5)	2,215,560	25,412
	3,087,448	2,384,024
<b>Trust Equity</b>		
Equity in trust fund	82,737,416	83,164,467

Approved on behalf of the Trustees

  
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**The Nipissing 2013  
Boundary Claim Trust**  
**Statement of Operations and Changes in Trust Equity**  
*For the year ended December 31, 2014*

	<b>12 Months Ended December 31 2014</b>	<b>3 Months Ended December 31 2013</b>
<b>Revenues</b>		
Dividend	1,360,318	87,322
Interest	866,504	41,025
Realized gains (losses) on disposal of investments	1,106,013	(30,157)
	<b>3,332,835</b>	<b>98,190</b>
<b>Authorized Expenses</b>		
Bank charges	1,680	-
Honorarium	18,400	1,400
Meetings	18,962	1,243
Professional fees	10,500	18,462
Travel	9,606	422
Trustees and investment management fees (Note 6)	490,042	81,408
	<b>549,190</b>	<b>102,935</b>
<b>Excess of revenues over authorized expenses (authorized expenses over revenues)</b>	<b>2,783,645</b>	<b>(4,745)</b>
<b>Trust equity, beginning of period</b>	<b>83,164,467</b>	<b>-</b>
<b>Trust settlement proceeds (Note 1)</b>	<b>-</b>	<b>123,674,730</b>
<b>Trust settlement costs</b>	<b>(426,046)</b>	<b>-</b>
<b>Per capita distribution (Note 7)</b>	<b>-</b>	<b>(40,240,000)</b>
<b>Per capita distribution for minors (Note 8)</b>	<b>(569,090)</b>	<b>(240,106)</b>
<b>Annual income transfer to Nipissing First Nation (Note 5)</b>	<b>(2,215,560)</b>	<b>(25,412)</b>
<b>Trust equity, end of period</b>	<b>82,737,416</b>	<b>83,164,467</b>

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, 2014*

	<b>12 Months Ended December 31 2014</b>	<b>3 Months Ended December 31 2013</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Excess of revenues over authorized expenses (authorized expenses over revenues)	2,783,645	(4,745)
Realized loss (gain) on disposal of investments	(1,106,013)	30,157
	1,677,632	25,412
Changes in working capital accounts		
Accounts payable and accrued charges	14,570	77,318
Due to Nipissing First Nation	2,190,148	25,412
Per Capita Distribution payable	(1,501,294)	2,281,294
	2,381,056	2,409,436
<b>Investing activities</b>		
Net decrease in Per Capita Distribution in Trust	2,281,294	(2,281,294)
Trust settlement costs	(426,046)	-
Per capita distribution for minors	(569,090)	(240,106)
Annual Income transfer to Nipissing First Nation	(2,215,560)	(25,412)
Investments purchased - net	(12,825,809)	(64,811,786)
Trust settlement proceeds	-	123,674,730
Per capita distribution	-	(40,240,000)
	(13,755,211)	16,076,132
<b>Increase (decrease) in cash and cash equivalents</b>	(11,374,155)	18,485,568
<b>Cash and cash equivalents, beginning of period</b>	18,485,568	-
<b>Cash and cash equivalents, end of period</b>	7,111,413	18,485,568

*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, 2014*

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**1. Operations**

Nipissing First Nation (the "First Nation") and 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.

Accrued interest paid is included in the cost of debt instruments.

***Revenue recognition***

Investment income is recognized when it is realized, in accordance with the Trust Agreement.

***Transfers to Nipissing First Nation***

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

***Authorized expenses***

Authorized expenses are recorded using the accrual basis of accounting.

***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 expenses during the reporting period. 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.



**The Nipissing 2013  
Boundary Claim Trust  
Notes to the Financial Statements**  
*For the year ended December 31, 2014*

**3. Per Capita Distribution in Trust**

The Per Capita Distribution payable to Members of the First Nation totalled \$780,000 as at December 31, 2014 (2013 - \$2,281,294). 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.

**4. Investments**

	<b>2014</b>		<b>2013</b>	
	<b>Cost</b>	<b>Market</b>	<b>Cost</b>	<b>Market</b>
Bonds	33,739,625	34,409,102	24,646,462	24,507,903
Canadian equities	16,672,384	18,732,150	14,537,504	14,923,344
US equities	15,003,585	18,481,839	14,016,109	14,723,579
International equities	13,297,857	14,030,764	11,581,654	12,022,017
<b>Total</b>	<b>78,713,451</b>	<b>85,653,855</b>	<b>64,781,629</b>	<b>66,176,843</b>

Included in Bonds are various Federal, Provincial and Corporate Bonds maturing from 2016 - 2025 with interest rates ranging from 1.45% - 6.80%.

**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.

	<b>2014</b>	<b>2013</b>
Dividend income	1,360,318	87,322
Interest income	866,504	41,025
Add: One-half of realized gains on disposal of investments	553,006	-
Less: One-half of realized losses on disposal of investments carried forward	(15,078)	-
Less: Authorized Expenses	(549,190)	(102,935)
	<b>2,215,560</b>	<b>25,412</b>

Nipissing First Nation is related to the Trust as it is the Settlor of the Trust.

**The Nipissing 2013  
Boundary Claim Trust**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2014*

**6. 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 TE Investment Counsel Inc. to provide monitoring of the above mentioned investment management companies.

TE 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, 2014, accounts payable and accrued charges include \$9,480 for corporate trustee fees, \$58,477 for investment management fees and \$13,931 for investment monitoring fees.

Total trustee and investment management fees paid are comprised of:

	<b>2014</b>	<b>2013</b>
Investment supervision fee - TE Investment Counsel Inc.	<b>55,950</b>	8,992
Investment management fee - Lincluden	<b>161,142</b>	24,750
Investment management fee - Mawer	<b>161,341</b>	24,333
Corporate trustee fee - Peace Hills Trust	<b>111,609</b>	23,333
	<b>490,042</b>	81,408

**7. Per capita distribution**

Distribution per Trust Agreement to 2,012 qualifying members at \$20,000 per member released per Section 4.1 (a) of the Trust Agreement, to Qualifying Members on October 2, 2013.

**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 28 (2013 - 12) eligible Members who reached the age of eighteen during the year.

**The Nipissing 2013  
Boundary Claim Trust**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2014*

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**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.

***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.