



Annual Report
2010-2011



NISHNAWBE ASKI
DEVELOPMENT FUND



Who We Are

Our Mission

'Enhancing and supporting Aboriginal business and economic development through a range of distinct services.'

Our Vision

'To be a sustainable leading Aboriginal owned business and financial services organization'

Incorporated on October 22, 1984 and designated an Aboriginal Financial Institution (AFI) in 1987, Nishnawbe Aski Development Fund ("NADF") is a non-profit Aboriginal-owned and operated financial institution governed by a Board of Directors comprised of individuals elected from the Nishnawbe Aski Nation, which encompasses Treaty #9 and Treaty #5 (Ontario portion). For over 26 years NADF has been providing financial and business support services to Aboriginal people in northern Ontario. To service the large geographical area that makes up northern Ontario, NADF's main office is located on the Fort William First Nation and two branch offices are strategically located in the cities of Thunder Bay and Timmins.

Over its 26 year history, NADF has expanded its service area into Robinson-Superior and Treaty #3, and enhanced its programs and services through partnerships developed with FedNor, the National Aboriginal Capital Corporation (NACCA) and Indian and Northern Affairs Canada (INAC). Through these partnerships, NADF is able to provide the following products and services to Aboriginal entrepreneurs and businesses across northern Ontario, including status, non-status and Métis persons, living on- or off-reserve:

- Loans (term and bridge)
- Leasing
- Business support services
- Community strategic planning
- Resource development advisory services
- Appraisal services
- Government contributions (Aboriginal Business Canada Program)

NADF's goal is to support and strengthen the Aboriginal business community and improve the economies of our communities and our regions. NADF remains committed to increasing its capacity to offer quality financial services and products, and building strong relationships to achieve our vision of becoming "a sustainable leading Aboriginal owned business and financial services organization."



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Message from the Board Chairperson



**Madeline
Commanda**
Chairperson

Welcome to Nishnawbe Aski Development Fund's ("NADF") 2011 Annual Report. For over 26 years, NADF's goal has been to promote and support the growth of the Aboriginal businesses across northern Ontario. While this has been both rewarding and challenging, we continue to look forward with tremendous enthusiasm and confidence. Our Board and staff are committed to working hard to support you and your business, and to effect change in the overall Aboriginal business community in northern Ontario, and we are certainly seeing change!

Your success is important to us and we look forward to the opportunity to help you achieve your goals – if you are successful, we are successful. Building relationships and earning the trust of our customers is important to us, and we look forward to working with you for many

years to come. Our utmost priority is to provide quality service and we hope that our work continues to spread the sense of ownership and vibrancy we share in our great home of northern Ontario.

On behalf of Nishnawbe Aski Development Fund's Board of Directors, I personally thank our clients and partners for supporting NADF, and I encourage you to inquire about our financial and business support services. We can make a difference. Let us show you how.

Thank you,

Madeline Commanda

Message from the President/CEO



Harvey Yesno
President/CEO

I am pleased to provide you with the enclosed reports that highlight NADF's performance and activities over the past fiscal year.

Since 1987, NADF has been serving the financial needs of northern Ontario Aboriginal businesses and we are proud of the many ways our dedicated and professional staff have helped businesses in our communities grow and prosper. We are your neighbors, your friends and the people you see at your community events helping to make northern Ontario a better place to live and start or expand a business. However, there is more to a financial institution than its products and services. We at NADF know that the true measure of success is how our customers feel about the products and services we offer to you, our customer. NADF's Board and staff are committed to providing quality financial and business support services, having knowledgeable

staff with strong work ethics to help you, and focusing our resources back into the communities we serve. You are deserving of this type of attention and I invite you to call our offices to find out more about our products and services and how we may help you grow your business. We will continue to strive to meet or exceed your expectations.

Meegwetch!

Harvey Yesno

NADF Milestones

- 1984** NAN Chiefs' Resolution passed mandating the establishment of NADF.
In October corporation established.
- 1985** Frank Price & Associates hired to complete a feasibility study on NAN communities.
- 1986** In November, Bentley Cheechoo hired as first President/CEO.
- 1987** Temporary office established in trailer on Fort William First Nation.
\$7M in capitalization received.
In May, official opening ceremonies held for office.
'Loan Guarantee Program' established in partnership with CIBC and Bank of Nova Scotia to increase loan maximum to \$250,000 for the NAN membership.
- 1991** First Annual NADF Business Awards held in Thunder Bay.
"Direct Loans Program" introduced, allowing administration of term loans, bridge loans, and youth loans.
- 1992** Industry Canada tops up NADF's loan fund with an additional \$1.5M.
- 1993** NADF partners with Industry Canada and is designated an External Delivery Organization ("XDO") and begins delivering the programs and services of the Aboriginal Business Canada program.
- 1994** Sub-office established in Timmins, ON.
- 1997** "Neegani Investment Management Inc.", a subsidiary of NADF, is established to provide equity and conventional financing of up to \$1M, allowing Aboriginal entities to participate in joint ventures.
- 2002** Designated as a "Community Futures Development Corporation" ("CFDC") and received annual operating funds to provide business counseling, investment and community strategic planning services to 33 First Nations in the northwest.
Offices relocated from trailers to established office space operated by Anemki Mountain Corporation on the Fort William First Nation.
- 2004** In October, AFI's across Canada, including NADF, reach the \$1 billion milestone for total loans disbursed.
- 2007** 1st Annual 'Fairways for Future Charity Golf Classic'.
- 2009** 25th Anniversary.
- 2010** June, NADF co-hosts the 17th Annual OACFDC Conference with Thunder Bay Ventures and is the recipient of the "2010 Award of Excellence" for outstanding video-conferencing series.
NADF hosts its "20th Annual NADF Business Awards" in Thunder Bay.

Since opening its doors for business in 1987, NADF has disbursed over \$25 million in loans to establish, acquire or expand Aboriginal business across northern Ontario, representing over 500 businesses and 2,000 jobs.

Board of Directors

Madeline Commanda, Chairperson Sandy Lake First Nation
 Arlene Meekis, Vice-Chairperson Wawakepewin
 Frank MacDiarmid, Secretary/Treasurer Thunder Bay, ON
 Gabriel Echum Ginoogaming First Nation
 Lillian Suganaqueb Webequie First Nation
 Shawn Batise Matachewan First Nation
 Russell Wesley Cat Lake First Nation
 George Nothing Kitchenuhmaykoosib Inninuwug First Nation
 Gary Beardy Muskrat Dam First Nation

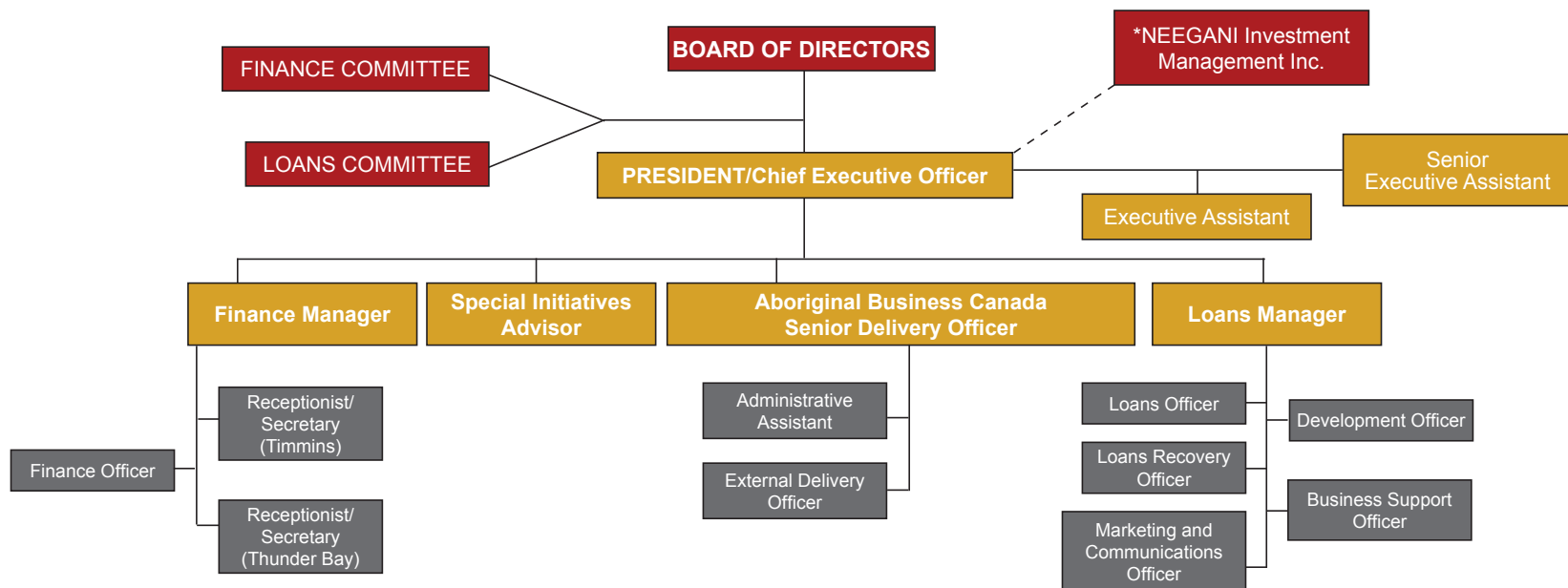
Members

Rosie Mosquito Bearskin Lake First Nation
 James Mamakwa Kingfisher Lake First Nation

Ex-Officio

Deputy Grand Chief Les Louttit Nishnawbe Aski Nation
 Sunil Bajaj Indian and Northern Affairs Canada-
 Aboriginal Business Canada

Organizational Chart



***Notes:** Neegani Investment Management Inc. is a wholly owned subsidiary of Nishnawbe Aski Development Fund
 One Receptionist/Secretary and the Senior External Delivery Officer are located at a sub-office in Timmins.

Our Staff



Executive

Harvey Yesno, President/CEO



Travis Boissoneau, Senior Executive Assistant
(resigned March 2011)



Dawn Willoughby, Executive Assistant



Finance and Administration

Mari Bishop, CA, Finance Manager



Liesa Wynn, Finance Officer



Judy Morriveau, Secretary/Receptionist



Shirley Degrechie, Administrative Assistant (Timmins, ON)



Loans and Community Futures

Colleen Martin, Loans Manager



Gail Anderson, Loans Officer



Charlton Thompson, Loans Recovery Officer



Marketing and Communications

Ade Sekudo, Marketing and Communications Officer



Aboriginal Business Canada

Wally Bannon, Senior Business Development Officer
(resigned January 2011)



Kim Bird, Business Development Officer (ABC)
(Timmins, ON)



Anna Deminski, Business Development Officer (ABC)



Business Support Services

Marlon Gasparotto, Business Support Officer



Lorraine Whitehead, Business Support Officer



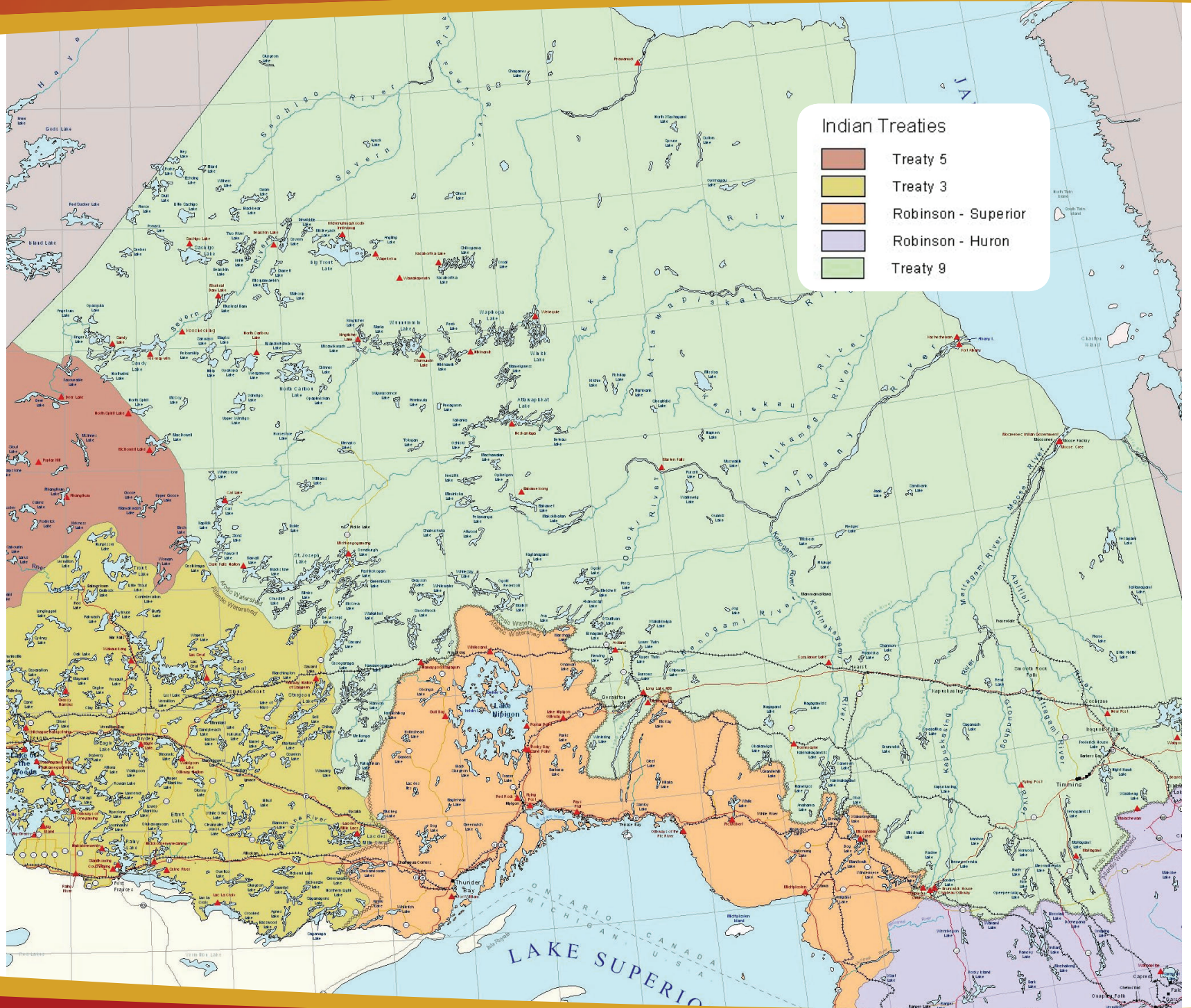
Wendy McKay, Business Development Officer (CFDC)



Resource Advisory Services

Brian Davey, Special Initiatives Advisor

Map of Service Area



First Nations Serviced by NADF

Nishnawbe Aski Nation

(Treaty 9 and Treaty 5 Ontario Portion)

- 1. Aroland First Nation**
- Attawapiskat First Nation
- 3. Bearskin Lake First Nation**
- Beaverhouse First Nation
- Brunswick House First Nation
- 6. Cat Lake First Nation**
- Chapleau Cree First Nation
- Chapleau Ojibway First Nation
- Constance Lake First Nation
- 10. Deer Lake First Nation**
- 11. Eabametoong First Nation** (formerly Fort Hope)
- Flying Post
- Fort Albany First Nation
- Fort Severn First Nation
- 15. Ginoogaming First Nation**
(formerly Long Lake #77)
- 16. Hornepayne First Nation**
- 17. Kasabonika Lake First Nation**
- Kashechewan First Nation
- 19. Keewaywin First Nation**
- 20. Kingfisher Lake First Nation**
- 21. Kitchenuhmaykoosib Inninuwug First Nation**
(formerly Big Trout Lake)
- 22. Koocheching First Nation**
- 23. Lac Seul First Nation**
- 24. Long Lake #58 First Nation**
- 25. MacDowell Lake First Nation**
- Marten Falls First Nation
- Matachewan First Nation
- Mattagami First Nation
- 29. Mishkeegogamang First Nation** (formerly Osnaburg)
- Missanabie Cree First Nation
- Mocreebec First Nation
- Moose Cree First Nation

- 33. Muskrat Dam First Nation**
- 34. Neskantaga First Nation**
(formerly Lansdowne House)
- 35. Nibinamik First Nation**
(formerly Summer Beaver)
- 36. North Caribou Lake First Nation**
(formerly Weagamow Lake/Round Lake)
- 37. North Spirit Lake First Nation**
- 38. Pikangikum First Nation**
- 39. Poplar Hill First Nation**
- 40. Sachigo Lake First Nation**
- 41. Sandy Lake First Nation**
- 42. Slate Falls First Nation**
43. Taykwa Tagamou First Nation
(formerly New Post)
44. Wahgoshig First Nation
- 45. Wapekeka First Nation**
- 46. Wawakapewin First Nation**
- 47. Webeque First Nation**
- 48. Whitesand First Nation**
- 49. Whitewater Lake First Nation**
50. Winisk First Nation (formerly Peawanuck)
51. Wunnumin Lake First Nation

Treaty #3

1. Anishinaabeg of Naongashiing First Nation
(formerly Big Island)
2. Asubspeeschoseewagong Netum Anishnabek
(formerly Grassy Narrows)
3. Big Grassy First Nation
4. Couchiching First Nation
5. Eagle Lake First Nation
6. Iskatewizaagegan #39 (formerly Shoal Lake #39)
7. Lac Des Milles Lacs First Nation
8. Lac La Croix First Nation
9. Mitaanjigaming First Nation
(formerly Stanjikoming)
10. Naicatchewenin First Nation

11. Naotkamegwanning First Nation
12. Nigigoonsiminikaaning First Nation
(formerly Nicickouseemencaning)
13. Northwest Angle #33
14. Northwest Angle #37
15. Obashkaandagaang First Nation
(formerly Washagamis Bay)
16. Ochiichagwe' Babigo'Ining First Nation
(formerly Dalles)
17. Ojibway Nation of Saugeen
18. Ojibways of Onigaming
19. Rainy River First Nations
20. Sagkeeng First Nation
21. Seine River First Nation
22. Shoal Lake #40 First Nation
23. Wabaseemoong Independent First Nation
24. Wabauskang First Nation
25. Wabigoon Lake Ojibway Nation
26. Wauzhusk Onigum First Nation
(formerly Rat Portage)

Robinson-Superior 1850

1. Animibiigoo Zaagi'igan Anishnaabek
(formerly Lake Nipigon Ojibway)
2. Biinjitiwaabik Zaaging Anishnaabek
(formerly Rocky Bay)
3. Fort William First Nation
4. Kiashke Zaaging Anishnaabek (formerly Gull Bay)
5. Michipicoten First nation
6. Namaygoosisagagun First Nation
(formerly Collins)
7. Ojibways of Pic River First Nation
8. Pays Plat First Nation
9. Pic Moberg First Nation
10. Poplar Point First Nation
11. Red Rock Indian Band (Lake Helen included)
12. Sand Point First Nation

*Communities serviced under the Community Futures Agreement are identified by **BOLD** text.

Community Involvement

CIBC Run for the Cure

In October 2010, NADF staff participated and collected pledges and donations for the Canadian Breast Cancer Foundation. Over \$4,000.00 was raised through our staff barbecue and bake sale, yard sale, and the generous donations of family, friends, and associates. This earned NADF's team 'Bank for Bust' the Corporate Spirit Award for the second time, the first received in 2005.

NADF Radio Bi-Weekly Radio Show

NADF continues to broaden its outreach into its communities with its radio show on the Wawatay Radio Network (WRN) every other Monday morning from 9AM-10AM (EST) as we provide tips on managing your business and talk about economic issues affecting our communities and business development in northern Ontario.

NADF Annual Business Awards

October 20, 2010 marked the 20th anniversary of the NADF Business Awards. We are extremely proud of the event and how much it has grown over its 20 years – from two awards to eight; and from 35 guests to 350 – and we attribute this success to support that we receive from our sponsors, partners, and the organizations and communities we serve. NADF strongly believes that by celebrating the accomplishments of the Aboriginal business community, we will encourage them to attain greater heights and inspire others to pursue their dreams.

'Fairways for the Future' Charity Golf Classic

NADF hosted its 4th Annual 'Fairways for the Future' Charity Golf Classic at the picturesque Fort William County Club in Thunder Bay, ON on July 9, 2010. The response from the community was outstanding and we are pleased to report that the event proceeds were increased.

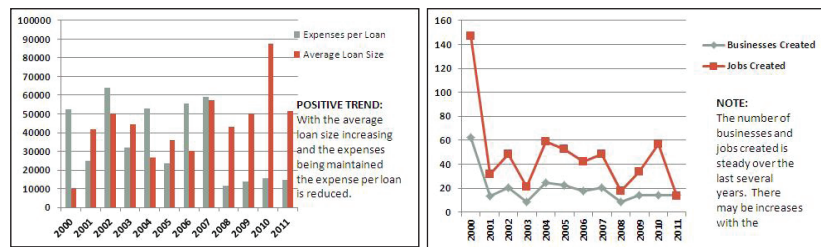
NADF Sponsorship Fund

The Sponsorship Fund provides an opportunity for NADF to give back to the communities we serve by providing financial assistance to our First Nation youth, members, groups, and communities. We focus on specific societal issues, including community economic development, education, health and culture. As a non-profit organization, the Sponsorship Fund is supported by proceeds from NADF's annual 'Fairways for the Future' Charity Golf Classic and NADF Business Awards.



Loans and Business Support

Although NADF's overall loan activity has been below budget, NADF did report a surplus in its loan activity for the fiscal year ended March 31, 2011. With the exception of 2009, NADF has reported surpluses in its loan activity for each year since 2007. In addition, NADF's 2011 audit was completed and we are pleased to report that for the first time in many years there were no management letter recommendations for improving the filing, client financial statements or other NADF loan processes.

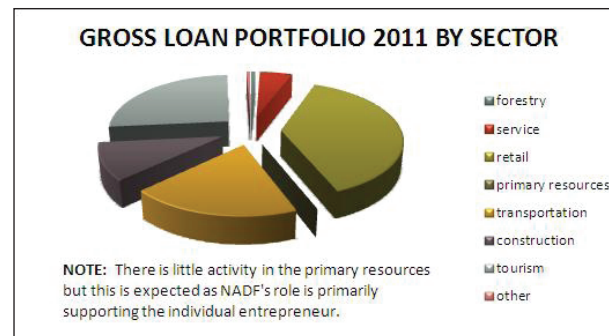
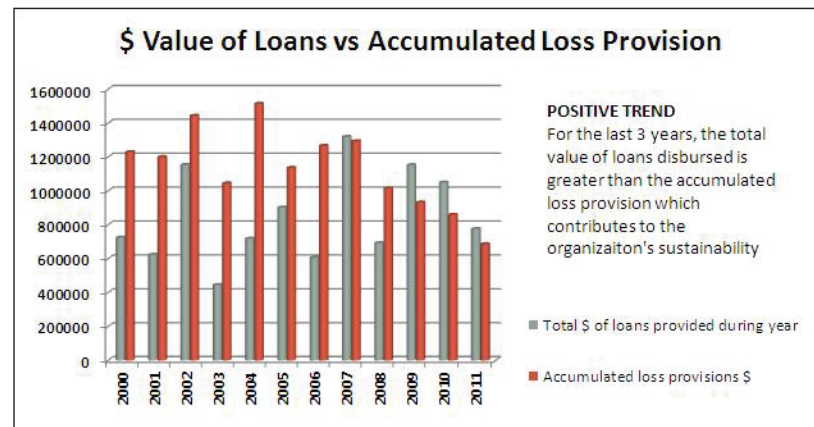


The improved client submission of financial statements can be attributed in part to the on-going support provided by NADF's business support staff, a team supported by financing arrangements between NADF and Indian and Northern Affairs Canada's Aboriginal Business Canada program (INAC-ABC) program and FedNor's Community Futures program. The business support program is an example of a government funded program that has taken time to bear fruit and clients are beginning to realize the importance of financial record keeping and the benefits that can be derived from a complete and accurate set of financial records. With reliable financial information from our clients, loan and business support staff are better equipped to advise clients on improved cash flow and profitability.

Recently there has been speculation that INAC/ABC is considering cancelling the business support. However, as evidenced in the improved track record of our clients this would appear to be a risky and uninformed decision. Rather than cancelling the program, consideration should be given to enhancing the business support program in light of the business opportunities associated with resource development in NADF's service delivery area. NADF will lobby for the continuation of the program.

The graphs illustrate trends associated with loan and business activity. In particular, it should be noted that the number of loans advanced from year to year has been stable, that the average loan size is increasing, and, although the gross loan portfolio is declining, the loan loss ratio is improving.

On a final note, during the 2011 fiscal year, the Board of Directors passed motion to increase the maximum loan dollar value from \$250,000 to \$500,000 and in exceptional circumstances up to \$1M. During the discussion, the Directors agreed that there is an opportunity to assist some larger community projects with significant job and wealth creation through this change. At writing of this report, NADF is currently considering one loan at the exceptional maximum of \$1M.



Special Initiatives Advisor (SIA)

Through a 3-year funding arrangement with FedNor, NADF's Special Initiatives Advisor's (SIA) primary role is to provide advisory and support services to enhance First Nation's capacity to meaningfully engage in resource development initiatives, with the emphasis being on energy and mining as it relates to First Nation economic and business development. Over the past year NADF was challenged in finding a suitable candidate for the position, and it was not until January 2011 that NADF was able to find a permanent candidate when Brian R. Davey was recruited as the Special Initiatives Advisor. Brian brings to the position over 30 years of experience in business and economic development, both in the private and public sectors, including First Nations and their organizations. Up until January 2011, NADF's President/CEO had assumed the duties of the SIA and carried these out to the best of his ability, considering his already heavy workload.

Although full implementation was not possible prior to January 2011, the work of the SIA is progressing and the following initiatives have been undertaken:

Mining Information for Native Empowerment.....First ("Mine First")

In 2009, NADF developed a training proposal intended to enhance the knowledge and skills required at the First Nation level to allow for meaningful engagement with mining companies. The value of the training program is significant and there is already a waiting list of First Nations who want to enroll their staff into the program. The proposal was submitted to various funders in early 2011 and discussions are currently under way with the various funders to review the project's eligibility. Delivery of the training program is dependent on funding.

NAN First Nations Economic Summit

NADF's SIA was invited to chair the NAN First Nations Economic Summit that was held in Thunder Bay, ON in February 2011. In addition to chairing the conference, NADF also presented on economic development and potential opportunities. The goal of the Summit was to start the process in defining NAN's role in economic development and to begin developing an overall economic strategy for the Nishnawbe Aski Nation. The SIA continues to be involved as an advisor to the NAN Regional Economic Strategic Planning committee.

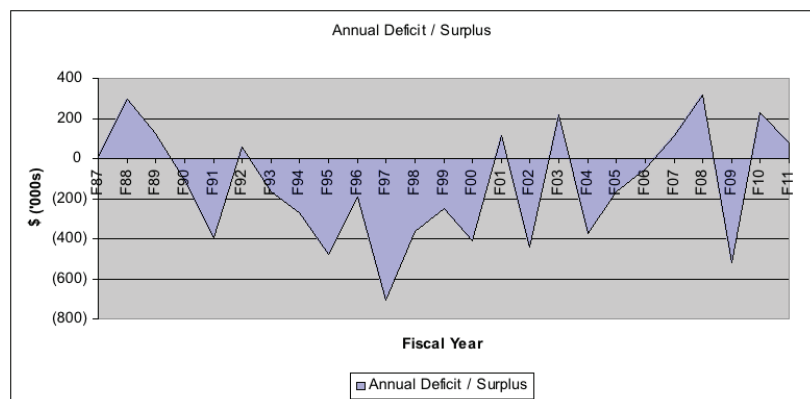
Independent Power Authorities

On March 2011, NADF hosted and facilitated a meeting with the Independent Power Authorities (IPAs) communities in Sioux Lookout, ON. The overall purpose of the meeting was to provide an opportunity for the IPAs to meet face-to-face to decide on an action plan. From this meeting it was agreed that the IPAs would continue to collaborate on finding a solution to address energy issues in their communities. It was also agreed that this work would continue to be supported by NADF. NADF submitted a funding application to the Strategic Partnership Initiative to continue the work of the IPAs.

NADF is pleased to report that the IPAs received an additional \$3.5M in subsidies from Indian and Northern Affairs Canada.

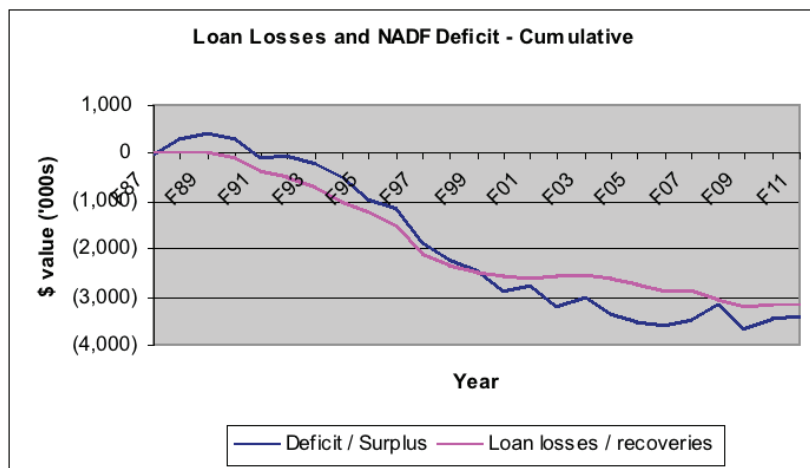
Although the SIA program was not fully implemented for the most part throughout 2010/2011 fiscal year we foresee considerable progress in the coming year in regard to facilitating relationships between First Nations and resource developers. We are also hopeful considerable progress will be made on the IPA front as it now appears government is coming onside in supporting this very important initiative.

Finance and Human Resources



NADF is pleased to report a consolidated surplus of \$77,152 for the fiscal year ended March 31, 2011. This includes surpluses of \$32,566 in the Loans Department, \$48,551 for the CFDC Investment Fund, and \$82,275 for NADF's wholly owned subsidiary, Neegani Investment Management Inc. These surpluses were reduced by CFDC Enhanced Operating Fund costs of \$66,652, which by the terms of their contribution agreement were agreed to be 'funded' by prior year CFDC Investment Fund Surpluses, and costs to deliver the Business Support Officer program, which is required to be 25% funded by NADF.

Given the developmental lending nature of NADF's loan activities, on



a cumulative basis prior year deficits have significantly overshadowed prior year surpluses.

Cumulative loan losses to March 31, 2011 totaled over \$3 million. After accounting for business advisory and support services losses to 2002 of \$420,000, and subsidiary losses of \$1.1 million, loan losses account entirely for NADF's accumulated deficit.

However, we are exploring innovative ways to move forward, generating ideas that will develop into best practices as we create a sustainable organization with the continued capacity to build and support Aboriginal entrepreneurship and economic development.

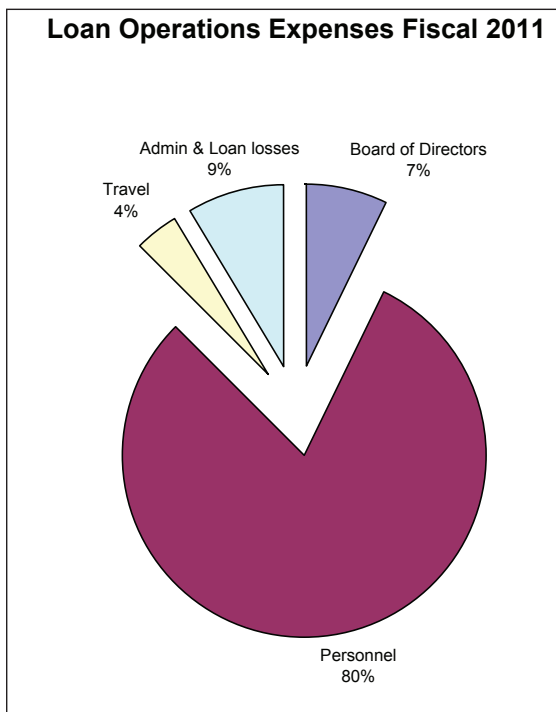
The consolidated deficit of \$3,391,277 was eliminated at March 31, 2011 by a charge against contributed surplus, as approved by the Board of Directors. This highlights NADF's ongoing commitment to delivering fiscally responsible business development services, including loans, so that these services continue to be available in years to come. To accomplish this, a priority moving forward will be to deliver services on a balanced budget basis. We celebrate the successes of our entrepreneurs with this commitment, ensuring that NADF's services remain available to future generations of entrepreneurs. This will require continued government and private partnerships so that revenue streams are sufficient to provide these much needed services. NADF remains committed to supporting Aboriginal entrepreneurs through developmental lending and its additional complementary services.

As in prior years NADF's human resources are an area of particular strength. Historically our personnel expenses have constituted the largest portion of expenses in loan operations, and that continues this year. Our employees are individually and collectively committed to providing the best possible services for the clients we serve. NADF also supports training and professional development for our staff, ensuring that employees and managers continue to learn and grow. Ongoing training for our staff builds skills and enhances work capabilities, flowing over into stronger client relationships. At March

Continued on page 14

Finance and Human Resources *continued*

from page 13



31, 2011 NADF had 15 employees with combined experience of over 140 years working for NADF. This business and economic development experience would be exponentially higher if additional work experience were factored in.

We also provide school and employment placement opportunities for students, in our Loans and Finance departments. This is a win-win opportunity for both NADF and our students, providing much needed training venues and therefore work experience, and cultivating interest in business and entrepreneurship careers and possibilities.

As required under its incorporating by-laws and various funding agreements, NADF's financial statements are audited each year by an external public accounting firm. MNP LLP have concluded that in their opinion the consolidated financial statements for Nishnawbe Aski Development Fund present fairly, in all material respects, the financial position of NADF as at March 31, 2011 and the results of its operations and cash flow for the year then ended, in accordance with Canadian generally accepted accounting principles. This is known as a 'clean' audit opinion. Management is responsible for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and internal controls. This clean audit report provides assurance regarding the fair presentation of NADF's operations in the financial statements. Excerpts from the consolidated financial statements for the fiscal year ending March 31, 2011 as shown in pages 18-19 present the results of operations for the year, and the financial position at the year end. The complete audited financial statements are available at our head office.

Aboriginal Business Canada Program

The 2011 fiscal year proved to be another difficult year for the Aboriginal Business Canada Program Officers and approximately 33% of established targets were achieved. This can be attributed to a number of factors, including lack of equity, inability of applicants to secure commercial financing, competing funders and project de-commitments. Most significantly the Program budget was essentially expended by December 2010, resulting in clients opting to withdraw their application and projects being deferred to F2012. These projects are expected to flow in the next fiscal year. The impact was felt across the region and there was a noticeable decline in applications as word got out to the general public. Clearly the demand for the ABC Program exceeds the Program's national budget and efforts are being made to increase the budget.

Total commitments for the Ontario Region were approximately \$4.7M in F2011, with NADF accounting for approximately \$500K. In comparison, the Ontario Region flowed approximately \$5M in F2010. These figures are comprised of project commitments and funds to support Aboriginal Financial Institutions, such as NADF, to deliver the External Delivery Organization program.

NADF clients of the ABC Program were able to leverage \$227,885. This figure was supported by \$270,710 in ABC capital contributions, representing approximately \$1.19 equity contribution for each \$1.00 in commercial financing.

In F2011, NADF's ABC Program Officers worked on over 30 applications totaling over \$900,000, however not all applications were approved or eligible for support.

Although targets were not achieved, the types of businesses that received financial support from the ABC Program were exemplary of the Program. These included the establishment of a legal practice, a forestry project, a film production company, a registered massage therapist, an animal handler, a heavy equipment operator, a trucking business, a consulting business, a marketing project for new airline, and several business plans.

In January 2011, Wally Bannon resigned as Senior External Delivery Officer and is now sharing his skills and knowledge with his community of Fort William First

Nation. Wally worked with NADF for over 23 years. He was originally hired to manage the loans department and has managed the ABC XDO Program since 2000. The Board and staff of NADF wish him well in his new endeavors.

The ABC Program is now managed by Kimberly Bird, former External Delivery Officer in Timmins. We welcome Kim to her new role and recognize she is well prepared through more than 13 years experience with the program and her current participation in the Certified Management Accountant certification program.

The current XDO Agreement expires on March 31, 2011 and negotiations for a 3-Year XDO Proposal for 2011-2014 are underway to continue delivering the ABC Program to northern Ontario.



Management Responsibility Report

To the Members and Board of Directors of Nishnawbe Aski Development Fund

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. 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 consolidated financial statements, management designs and maintains 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 consolidated financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Directors to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with management to discuss their audit findings.

June 30, 2011



President and Chief Executive Officer

Independent Auditor's Report

To the Members and Board of Directors of Nishnawbe Aski Development Fund:

We have audited the accompanying financial statements of Nishnawbe Aski Development Fund which comprise the consolidated statement of financial position as at March 31, 2011 and the consolidated statements of operations and surplus (deficit) 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 consolidated financial statements in accordance with Canadian generally accepted accounting principles, 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Nishnawbe Aski Development Fund as at March 31, 2011 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other matter

The supplementary information contained in the Schedules is presented for the purposes of additional analysis and is not a part of the basic audited financial statements. The information in the Schedules was derived from the accounting records tested in forming an opinion on the financial statements as a whole.

Thunder Bay, Ontario
June 30, 2011



Chartered Accountants
Licensed Public Accountants


**Nishnawbe Aski Development Fund
Consolidated Statement of Financial Position**

As at March 31, 2011

	General Fund	Sponsorship Fund	XDO Fund	Neegani Fund	CFDC Operating Fund	CFDC Enh Ops Fund	CFDC Investment Fund	2011	2010
ASSETS									
Current									
Cash	972,891	-	-	694,751	-	-	702,428	2,370,070	2,802,965
Marketable securities (Note 3)	28,957	-	-	-	-	-	-	28,957	27,949
Accrued interest receivable (Note 4)	44,903	-	-	-	-	-	8,113	53,016	50,645
Accounts receivable (Note 5)	392,236	-	138,646	20,000	110,903	-	299,297	961,082	4,415,280
Due from other funds	110,103	44,346	-	27,836	-	-	-	182,285	552,061
Prepaid expenses	25,443	-	-	7,109	-	-	-	32,552	20,071
Current portion of long-term investments (Note 6)	-	-	-	-	-	-	-	-	275,000
	1,573,633	44,346	138,646	749,696	110,903	-	1,009,838	3,627,062	8,143,971
Long-term investments (Note 6)	4,208,998	-	-	556,231	-	-	-	4,765,229	3,717,982
Loans receivable (Note 7)	1,540,716	-	-	-	-	-	445,354	1,986,070	2,010,946
Capital assets (Note 8)	55,849	-	9,352	530	11,474	3,927	-	81,132	79,809
	7,379,196	44,346	147,998	1,306,457	122,377	3,927	1,455,192	10,459,493	13,952,708
LIABILITIES									
Current									
Accounts payable and accrued liabilities (Note 9)	453,611	4,239	20,971	2,560	47,961	2,544	-	531,886	4,078,164
Deferred revenue (Note 10)	33,165	40,107	2,290	69	2,928	-	-	78,559	232,721
Current portion of notes payable (Note 11)	170,692	-	-	-	-	-	-	170,692	60,079
Due to other funds	-	-	117,675	-	62,942	1,383	285	182,285	552,061
	657,468	44,346	140,936	2,629	113,831	3,927	285	963,422	4,923,025
Deferred revenue (Note 10)	21,982	-	7,062	276	8,546	-	-	37,866	43,546
Notes payable (Note 11)	546,972	-	-	-	-	-	-	546,972	501,563
	1,226,422	44,346	147,998	2,905	122,377	3,927	285	1,548,260	5,468,134
SURPLUS									
Contributed surplus (Note 12)	6,276,585	-	-	1,303,552	-	-	1,331,096	8,911,233	11,953,003
Surplus (deficit)	(123,811)	-	-	-	-	-	123,811	-	(3,468,429)
	6,152,774	-	-	1,303,552	-	-	1,454,907	8,911,233	8,484,574
	7,379,196	44,346	147,998	1,306,457	122,377	3,927	1,455,192	10,459,493	13,952,708

Approved on behalf of the Board


Director


Director

Nishnawbe Aski Development Fund
Consolidated Statement of Operations and Surplus (Deficit)

For the year ended March 31, 2011

Schedule	Surplus (Deficit) Beginning of Year	Revenue for the Year	Expenditures for the Year	Surplus (Deficit) for the Year	Adjustment from Contributed Surplus (Note 12)	Inter-fund Transfers (Note 13)	Surplus (Deficit) End of Year
General Fund							
1 Loan operations	(1,944,802)	482,138	449,572	32,566	1,784,167	4,258	(123,811)
2 Nishnawbe Aski Business Advisory and Support Services	(420,049)	-	-	-	420,049	-	-
3 National Aboriginal Capital Corporation Association Services	(5,993)	66,951	67,227	(276)	6,269	-	-
4 Nishnawbe Aski Development Fund Business Awards	-	121,392	121,392	-	-	-	-
5 Indian and Northern Affairs Canada (INAC) Programs	-	4,845,827	4,845,952	(125)	125	-	-
6 Business Support Officer	(128,202)	75,368	100,492	(25,124)	153,326	-	-
7 Albany River Working Group	-	-	-	-	-	-	-
8 Special Initiatives Advisor	-	123,505	123,509	(4)	4	-	-
9 Other Projects	19,837	83,978	83,978	-	(19,837)	-	-
	(2,479,209)	5,799,159	5,792,122	7,037	2,344,103	4,258	(123,811)
Sponsorship Fund							
10 Sponsorship Fund	-	52,214	52,214	-	-	-	-
XDO Fund							
11 Aboriginal Business Canada Services (ABC)	(11,727)	382,083	382,083	-	11,727	-	-
Neegani Fund							
12 Neegani Investment Management Inc.	(1,117,722)	115,194	32,919	82,275	1,035,447	-	-
Community Futures Development Corporation Operating Fund							
13 Community Futures Development Corporation Operating Fund	-	335,491	329,550	5,941	-	(5,941)	-
Community Futures Development Corporation Enhanced Operating Fund							
14 Community Futures Development Corporation Enhanced Operating Fund	-	-	66,652	(66,652)	-	66,652	-
Community Futures Development Corporation Investment Fund							
15 Community Futures Development Corporation Investment Fund	140,229	48,551	-	48,551	-	(64,969)	123,811
	(3,468,429)	6,732,692	6,655,540	77,152	3,391,277	-	-



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Community Futures Development Corporation

Supporting the Success of Aboriginal Business

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