



Grant Thornton

An instinct for growth™

Consolidated Financial Statements

Norway House Cree Nation

March 31, 2017



Contents

	Page
Management's Responsibility for Financial Reporting	1
Independent Auditors' Report	2-3
Consolidated Statement of Operations	4
Consolidated Statement of Change in Accumulated Surplus	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Change in Net Debt	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9-32
Summary Schedule of Revenue and Expenditures	33
Schedule of Revenue and Expenditures – Education	34
Schedule of Revenue and Expenditures – Employment and Training	35
Schedule of Revenue and Expenditures – Social Services	36
Schedule of Revenue and Expenditures – Band Support	37
Schedule of Revenue and Expenditures – Public Works	38
Schedule of Revenue and Expenditures – Housing	39
Schedule of Revenue and Expenditures – Health Services	40
Schedule of Revenue and Expenditures – Assisted Living	41
Schedule of Revenue and Expenditures – Emergency Services	42
Schedule of Revenue and Expenditures – Restorative Justice	43
Schedule of Revenue and Expenditures – Safety Officer's Program	44
Schedule of Revenue and Expenditures – Parks, Recreation and Multi-Plex Operations	45
Schedule of Revenue and Expenditures – Youth	46
Schedule of Revenue and Expenditures – VLT Operations	47
Schedule of Revenue and Expenditures – CMHC	48
Schedule of Revenue and Expenditures – Broadband	49
Schedule of Revenue and Expenditures – Keenanow Trust Secretariat	50
Schedule of Revenue and Expenditures – Enterprises	51
Schedule of Set Contribution Funding	52
Schedule of Fixed Contribution Funding	53
Schedule of Operations – Health Services – Block Funding	54
Schedule of Operations – Health Services – Set Programs	55
Health Services – Statement of Moveable Assets Replacement Reserve	56

Management's Responsibility for Financial Reporting

The accompanying March 31, 2017 consolidated financial statements of the Norway House Cree Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of Norway House Cree Nation.

The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains appropriate systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The Norway House Cree Nation Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The March 31, 2017 consolidated financial statements have been audited by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Grant Thornton LLP has full and free access to the Council.


Chief

Norway House, Manitoba


Council







Grant Thornton

An instinct for growth™

Grant Thornton LLP
94 Commerce Drive
Winnipeg, MB
R3P 0Z3

T +1 204 944 0100
F +1 204 957 5442
www.GrantThornton.ca

Independent Auditors' Report

To the Chief and Council of
Norway House Cree Nation

We have audited the accompanying consolidated financial statements of Norway House Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations, changes in accumulated surplus, changes in net debt, 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 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 auditor's 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Grant Thornton

An instinct for growth™

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Norway House Cree Nation as at March 31, 2017, and the consolidated results of its operations, changes in accumulated surplus, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other explanatory material

Supplemental information presented in the schedules on pages 33 to 56 are not a part of the basic financial statements. Such supplemental information has been subjected only to auditing procedures applied to the audit of the basic consolidated financial statements taken as a whole.

Winnipeg, Canada
October 20, 2017

Grant Thornton LLP

Chartered Professional Accountants

Norway House Cree Nation

Consolidated Statement of Operations

Year Ended March 31

2017

2016
(Note 18)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Indigenous and Northern Affairs Canada (INAC)	\$ 52,599,122	\$ 52,668,245	\$ 50,117,662
Manitoba Keewatinowi Okimakanak (MKO)	2,056,256	2,030,389	1,988,823
Health Canada	8,970,359	9,941,726	8,380,478
Industry Canada	3,642,309	3,649,481	48,750
Province of Manitoba	2,487,012	2,130,640	1,828,912
Communications	-	32,625	28,028
Video lottery terminal (VLT) revenues	25,800,354	25,300,786	24,802,290
Education	821,521	1,499,407	1,680,846
Canada Mortgage and Housing Corporation (CMHC) projects/subsidy	1,284,146	1,275,356	1,327,446
Parks, Recreation and Multi-Plex	132,075	175,086	122,170
Public Works	1,517,875	1,984,135	1,920,416
Housing	254,646	1,147,594	711,950
Construction	1,464,591	260,713	374,247
Manitoba Hydro	1,073,866	1,601,565	8,244,769
Other	5,211,640	6,130,611	4,895,052
Keenanow Trust Secretariat	-	2,332,720	3,460,273
Enterprises	240,000	8,654,139	6,538,444
	<u>107,555,772</u>	<u>120,815,218</u>	<u>116,470,556</u>
Expenditures			
Education	32,418,747	31,706,826	31,040,615
Employment and Training	1,544,030	1,918,804	1,671,239
Social Services	12,143,529	11,908,308	11,652,479
Band Support	6,693,044	8,858,604	8,891,576
Public Works	7,755,588	8,701,195	7,962,376
Housing	3,400,663	3,316,984	3,139,431
Health Services	10,156,369	8,298,287	7,765,579
Assisted Living	2,786,439	2,719,511	3,519,322
Emergency Services	756,237	877,438	809,328
Restorative Justice	100,000	94,393	53,065
Safety Officer's Program	442,922	449,017	364,427
Parks, Recreation and Multi-Plex	2,020,951	1,940,186	1,863,290
Youth	-	12,303	55,300
VLT Operations	21,612,358	21,203,067	20,718,044
CMHC	1,453,944	1,538,378	1,395,131
Broadband	1,935,883	846,345	1,295,220
Keenanow Trust Secretariat	-	2,443,461	3,304,204
Enterprises	-	9,528,415	7,517,001
	<u>105,220,704</u>	<u>116,361,522</u>	<u>113,017,627</u>
Annual surplus	<u>\$ 2,335,068</u>	<u>\$ 4,453,696</u>	<u>\$ 3,452,929</u>

See accompanying notes to the consolidated financial statements.

Norway House Cree Nation
Consolidated Statement of Change in Accumulated
Surplus

Year Ended March 31	2017	2016
Accumulated surplus, beginning of year	\$ 100,877,346	\$ 97,424,417
Annual surplus	<u>4,453,696</u>	<u>3,452,929</u>
Accumulated surplus, end of year	<u>\$ 105,331,042</u>	<u>\$ 100,877,346</u>

See accompanying notes to the consolidated financial statements.

Norway House Cree Nation Consolidated Statement of Financial Position

March 31

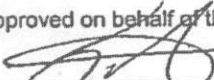
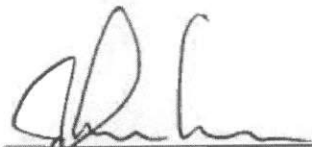
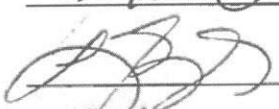
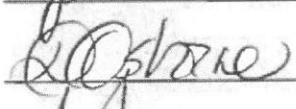

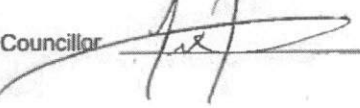
2017

2016
(Note 18)

Financial assets		
Accounts and loans receivable (Note 3)	\$ 7,566,431	\$ 6,260,070
Trust funds (Note 4)	<u>26,284</u>	<u>22,792</u>
Total financial assets	<u>7,592,715</u>	<u>6,282,862</u>
Liabilities		
Bank indebtedness (Note 5)	2,437,938	4,507,816
Accounts payable and accrued liabilities	16,014,845	8,161,380
Deferred revenue	826,182	643,414
Debt reduction trust payable (Note 6)	809,776	809,776
Long-term debt (Note 7)	<u>52,626,949</u>	<u>57,942,819</u>
Total liabilities	<u>72,715,690</u>	<u>72,065,205</u>
Net debt	<u>(65,122,975)</u>	<u>(65,782,343)</u>
Non-financial assets		
Tangible capital assets (Note 9)	169,787,124	166,239,271
Inventory (Note 10)	480,308	248,965
Prepaid expenses	<u>186,585</u>	<u>171,453</u>
Total non-financial assets	<u>170,454,017</u>	<u>166,659,689</u>
Accumulated surplus (Page 5)	<u>\$ 105,331,042</u>	<u>\$ 100,877,346</u>

Contingencies (Note 12)

Approved on behalf of the Council:

	Chief		Councillor
	Councillor		Councillor
	Councillor		Councillor

See accompanying notes to the consolidated financial statements.

Norway House Cree Nation

Consolidated Statement of Change in Net Debt

Year Ended March 31

2017

2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus	\$ 2,335,068	\$ 4,453,696	\$ 3,452,929
Acquisition of tangible capital assets	(7,000,000)	(10,308,504)	(4,720,559)
Disposal of tangible capital assets	-	57,349	-
Amortization of tangible capital assets	<u>6,687,352</u>	<u>6,703,302</u>	<u>6,697,053</u>
	<u>2,022,420</u>	<u>905,843</u>	<u>5,429,423</u>
Acquisition of inventory	-	(231,343)	(220,838)
Change in prepaid expenses	<u>-</u>	<u>(15,132)</u>	<u>27,635</u>
	<u>-</u>	<u>(246,475)</u>	<u>(193,203)</u>
Decrease in net debt	2,022,420	659,368	5,236,220
Net debt, beginning of year	<u>(68,151,390)</u>	<u>(65,782,343)</u>	<u>(71,018,563)</u>
Net debt, end of year	<u>\$ (66,128,970)</u>	<u>\$ (65,122,975)</u>	<u>\$ (65,782,343)</u>

See accompanying notes to the consolidated financial statements.

Norway House Cree Nation

Consolidated Statement of Cash Flows

Year Ended March 31

2017

2016
(Note 18)

Increase (decrease) in cash and cash equivalents

Operating

Annual surplus	\$ 4,453,696	\$ 3,452,929
Adjustments for non-cash items		
Amortization of capital assets – general account	6,192,172	6,236,175
Amortization of capital assets – enterprises	<u>511,130</u>	<u>460,878</u>
	11,156,998	10,149,982
Changes in non-cash working capital		
Accounts and loans receivable	(1,306,361)	(2,238,769)
Prepaid expenses	(15,132)	27,635
Inventory	(231,343)	(220,838)
Accounts payable and accrued liabilities	7,853,465	(490,900)
Deferred revenue	<u>182,768</u>	<u>(277,040)</u>
	<u>17,640,395</u>	<u>6,950,070</u>

Financing

Bank indebtedness advances (repayment) – net	(2,069,878)	1,557,672
Long-term debt proceeds (repayment) – net	<u>(5,315,870)</u>	<u>(3,784,534)</u>
	<u>(7,385,748)</u>	<u>(2,226,862)</u>

Investing

Acquisition of tangible capital assets	(10,308,504)	(4,720,559)
Proceeds on disposal of tangible capital assets	<u>57,349</u>	<u>-</u>
	<u>(10,251,155)</u>	<u>(4,720,559)</u>

Net increase in cash and cash equivalents	3,492	2,649
Cash and cash equivalents, beginning of year	<u>22,792</u>	<u>20,143</u>
Cash and cash equivalents, end of year	<u>\$ 26,284</u>	<u>\$ 22,792</u>

Cash and cash equivalents consist of:

Trust funds (Note 4)	<u>\$ 26,284</u>	<u>\$ 22,792</u>
----------------------	------------------	------------------

See accompanying notes to the consolidated financial statements.

Norway House Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2017

1. Nature of entity

Norway House Cree Nation (NHCN) is a non-profit, non-taxable entity and is engaged in the social, cultural, educational and economic development of the First Nation citizens of Norway House Cree Nation at Norway House, Manitoba.

2. Summary of significant accounting policies

Basis of accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Reporting entity

The NHCN reporting entity includes the NHCN government and all related entities that are either owned or controlled by NHCN. Control is defined as the power to govern the financial and operating policies of another with expected benefits or the risk of loss to the government from the other organizations' activities. Control exists regardless of whether the government chooses to exercise its power to govern so long as it has the ability to govern. Control must exist at the financial statement date, without the need to amend agreements.

Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a government business enterprise. These business enterprises are included in the consolidated financial statements on a modified equity basis.

Consolidation method

This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization. The other government organizations that were consolidated are the following:

Unincorporated departments including:

Norway House Cree Nation CMHC Housing Projects
Norway House Cree Nation Gaming Commission

Unincorporated entities including:

York Boat Inn
Keenanow Trust Secretariat

Kinosao Sipi Dental Centre
Kinosao Sipi Muchipinowin Program

March 31, 2017

Principles of consolidation (continued)

Incorporated entities including:

Molson Lake Lodge (1978) Ltd.
4744757 Manitoba Ltd.
Pinaow Wachi Inc.
Norway House Pharmacy Ltd.
7133805 Manitoba Ltd.

There are no organizations that have been accounted for using the modified equity basis.

Tangible capital assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services. Certain assets which have historical or cultural value, including works of art, historical documents and historical or cultural artifacts, are not recognized as tangible capital assets.

Tangible capital assets are reported at gross cost. Amortization of tangible capital assets is recognized as an expense in the Statement of Operations.

Amortization based on the estimated useful life of the asset is calculated commencing in the year subsequent to acquisition as follows:

Buildings	40 year straight-line basis and 4% declining balance basis
Equipment	30%, 20% and 10% declining balance basis
Machinery	10% declining balance basis
Vehicles	30% declining balance basis
Paving and winter road	4% declining balance basis
Assets under capital lease	straight-line basis over the lease term
Water and sewer equipment	30 year straight-line basis

In the year of acquisition, one-half of the applicable rate is applied.

Construction in progress

Assets under construction are not amortized until the asset is available for use. At completion, the construction costs are closed out to the appropriate asset classification and amortized over its estimated useful life.

Norway House Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2017

2. Summary of significant accounting policies (continued)

Tangible capital assets (continued)

Assets under capital lease

Leases that transfer substantially all of the benefits and risks of ownership of the property to Norway House Cree Nation are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with its related long-term obligation. Assets under capital lease are amortized on a basis consistent with related capital asset categories as disclosed above.

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian public accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures. Actual results could differ from these estimates.

Revenue recognition

NHCN follows the deferral method of accounting for restricted revenues. Revenues restricted by legislation, regulation or agreement and not available for general government purposes are deferred on the consolidated statement of financial position. The revenue is recognized in the year in which it is used for the specified purpose. Unrestricted revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other income, primarily including sales of gas, tobacco and fees for service, are recognized upon transfer of title of the product or upon performance of the service and when collectability is reasonably assured.

Transfers (revenues from non-exchange transactions) are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when amounts have been received but not all eligibility criteria have been met.

Consolidated Contribution Agreement Funding is funding approved by Health Canada for specific programs. Any operating surpluses related to Consolidated Contribution Agreement Funding are recorded on the consolidated statement of financial position as a payable to Health Canada until such time as Health Canada reviews the financial statements. At that time, Health Canada determines what portion of the approved surplus may be retained by NHCN, or repaid to Health Canada. Any unapproved costs not paid by Health Canada are absorbed by NHCN. Any adjustments will be reflected in the year the final statement of recommended costs is received from Health Canada.

Norway House Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2017

2. Summary of significant accounting policies (continued)

Inventory

Inventory is valued at the lower of cost or net realizable value determined by the first-in, first-out method.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks net of bank overdrafts.

Pension plans

NHCN maintains a defined contribution pension plans for its personnel. Expenditures for this plan are equal to NHCN's required contribution for the year.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventory.

Program surpluses

Programs funded by government agencies may be subject to recovery by the contributing agencies in accordance with funding arrangements.

Net debt

NHCN's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of NHCN is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

Financial instruments

Financial instruments are classified into one of the two measurement categories: (a) fair value; or (b) cost or amortized cost.

NHCN records its financial assets at cost, which include trust funds and accounts and loans receivable. NHCN also records its financial liabilities at cost, which include bank indebtedness, accounts payable and accrued liabilities and long-term debt.

Norway House Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2017

3. Accounts and loans receivable	<u>2017</u>	<u>2016</u> (Note 18)
INAC	\$ 40,349	\$ 134,737
Health Canada	-	18,154
MKO	219,080	310,230
CMHC	-	49,377
Manitoba Hydro	1,500,000	2,000,000
Keenanow Trust	673,600	-
Province of Manitoba	586,289	207,006
Pharmacy	405,510	403,572
Other	11,930,039	10,865,111
Allowance for doubtful accounts	<u>(7,788,436)</u>	<u>(7,728,117)</u>
	<u>\$ 7,566,431</u>	<u>\$ 6,260,070</u>

Other receivables include trade receivables and receivables due from Norway House Cree Nation members.

4. Trust funds	<u>2017</u>	<u>2016</u>
INAC – Trust funds	<u>\$ 26,284</u>	<u>\$ 22,792</u>

Norway House Cree Nation
Notes to the Consolidated Financial Statements
March 31, 2017

5. Bank indebtedness	2017	2016
Royal Bank of Canada		
Approved line of credit of \$4,500,000 with interest at prime plus 4.0%, repayable on demand and secured by a Band Council Resolution and a Tri-Party Agreement signed by Indigenous and Northern Affairs Canada, Norway House Cree Nation and the Royal Bank acknowledging loan commitment of funding.	\$ 4,305,000	\$ 3,840,000
Bank overdrafts (cash and banks) – net	(1,867,062)	667,816
	\$ 2,437,938	\$ 4,507,816

6. Debt reduction trust payable

The loan is non-interest bearing, and is repayable with a first payment of \$688,537 paid on March 21, 2010, and subsequent annual payments of \$1,377,671 that are payable by December 1, of each year. In the current year there was no payment applied to the debt reduction trust.

The loan is secured by an assignment of its right to all funds available as determined each year pursuant to the terms of the Keenanow Trust Indenture now and into the future, along with funds on deposit in the entity's account and Indigenous and Northern Affairs Canada advances as set out in the five year Canada/First Nations Funding Agreement dated March 8, 2009, and any successor funding agreements between Canada and the Norway House Cree Nation.

Norway House Cree Nation
Notes to the Consolidated Financial Statements
March 31, 2017

7. Long-term debt	<u>2017</u>	<u>2016</u>
Promissory notes payable on demand, bearing interest rate of 18%.	\$ 2,628,219	\$ 2,800,000
Bank of Montreal		
Loans are secured by the equipment and property being financed. All loans are demand loans non-revolving.		
Loan 6996-145, \$8,038 principal plus interest payable monthly at prime+2.25% maturing on July 30, 2019.	208,984	305,438
Loan 6995-740, \$8,745 principal plus interest payable monthly at prime+2.25% maturing on October 30, 2019.	271,089	376,029
Loan 6995-687, \$6,264 principal plus interest payable monthly at prime+2.25% maturing on October 30, 2019.	3,048	53,157
Loan 6996-129, \$2,223 principal plus interest payable monthly at prime+2.25% maturing on July 30, 2019.	58,899	86,083
Loan 6996-081, \$2,224 principal plus interest payable monthly at prime+2.25% maturing on June 30, 2019.	60,041	86,726
Loan 6995-847, \$5,706 principal plus interest payable monthly at prime+2.25% maturing on September 30, 2019.	76,266	144,741
Loan 6996-137, \$13,889 principal plus interest payable monthly at prime+2.00% maturing on June 30, 2029.	2,027,778	2,194,445
Loan 6995-708, \$3,099 payable monthly at prime+2.25% matured on January 30, 2017.	350	28,237
Loan 6995-513, \$6,143 payable monthly at prime+2.25% maturing on December 31, 2019.	208,847	282,565
Loan 6995-089, \$1,800 principal plus interest payable monthly at prime+2.25% maturing on April 30, 2020.	66,600	88,200
Loan 6993-964, \$8,039 principal plus interest payable monthly at prime+2.25% maturing on November 30, 2019.	54,605	-
Loan 6993-876, \$1,042 principal plus interest payable monthly at prime+1.50%, maturing March 31, 2022.	244,792	-
Loan 6994-035, \$62,500 principal payable quarterly at prime+2.25% maturing March 31, 2020.	562,500	-
Loan 6994-027, \$3,258 principal plus interest payable monthly at prime+2.25% maturing March 31, 2022.	172,691	-
Loan 6993-905, \$2,087 principal plus interest payable monthly at prime+2.25% maturing March 31, 2022.	114,830	-
Loan 6993-868, \$7,900 principal payable monthly at prime+2.25% maturing March 31, 2022.	442,402	-
	<u>\$ 7,201,941</u>	<u>\$ 6,445,621</u>

Norway House Cree Nation
Notes to the Consolidated Financial Statements
March 31, 2017

7. Long-term debt (continued)	<u>2017</u>	<u>2016</u>
Balance carried forward	\$ 7,201,941	\$ 6,445,621
International Wireless Communications Inc., loan repaid during the year.	-	302,200
National Leasing		
\$4,991 payable monthly including interest at 7.58%, maturing May 1, 2018, secured by a first charge on excavation equipment.	71,217	123,542
\$4,802 payable monthly including interest at 7.00%, maturing May 1, 2018, secured by a first charge on equipment.	72,801	122,717
\$3,014 payable monthly including interest at 7.99%, maturing September 1, 2018, secured by a first charge on excavator.	53,700	84,365
\$8,778 payable monthly including interest at 7.39%, maturing July 2, 2019, secured by a first charge on equipment.	244,433	304,670
\$7,025 payable monthly including interest of 5.75% maturing March 31, 2021, secured by a first charge on equipment.	298,306	-
\$1,132 payable monthly including interest of 7.03%, maturing March 1, 2021, secured by a first charge on equipment.	47,223	-
Royal Bank of Canada		
Mortgage payable in monthly instalments of \$10,927 including interest at 2.60%, maturing February 1, 2021, secured by teacherage units.	1,529,413	1,621,533
Lease Payments		
\$1,661 payable monthly including interest at 7.07%, maturing November 1, 2018.	30,546	47,743
GE Capital		
\$1,846 payable monthly including interest at 7.07%, maturing February 1, 2021, secured by a first charge on equipment.	75,420	91,776
\$2,947 payable monthly including interest at 10.08%, maturing March 1, 2017, secured by a first charge on equipment.	<u>2,924</u>	<u>30,908</u>
	<u>\$ 9,627,924</u>	<u>\$ 9,175,075</u>

Norway House Cree Nation
Notes to the Consolidated Financial Statements
March 31, 2017

7. Long-term debt (continued)	<u>2017</u>	<u>2016</u>
Balance carried forward	\$ 9,627,924	\$ 9,175,075
Bank of Montreal		
Demand loan non revolving from Bank of Montreal up to \$3,800,000 repayable in monthly payments of \$15,850 principal plus interest at the prime rate plus 1.25%. Loan is secured by a general security agreement providing a first fixed and floating charge over the assets of the company, a registered first charge collateral mortgage of \$5,000,000 over 333 Maryland St. property, a guarantee in the amount of \$3,800,000 signed by Norway House Cree Nation and a Band Council Resolution signed by Norway House Cree Nation as to the guarantee provided by the company.	3,778,104	3,398,750
CMHC		
Forgivable loan over 15 years as long as the building is used for a shelter.	315,000	350,000
Communities Economic Development Fund		
\$11,208 payable monthly including interest at 6.1%, maturing August 28, 2023, secured by a first charge on equipment.	762,485	848,227
First People Economic Growth Fund		
Advanced on April 1, 2014 consists of two loans: \$300,000 loan with \$2,632 payable monthly including no interest, maturing December 1, 2023 and \$455,221 loan with \$5,175 payable monthly including interest at 6%, maturing December 1, 2023.	471,508	543,420
Mercado		
\$3,751 payable monthly including interest at 7.55%, maturing January 2, 2019.	76,827	114,467
Wells Fargo		
\$2,671 payable monthly including interest at 7.07%, maturing February 1, 2021.	109,373	132,785
Metis Economic Development Organization, repaid during the year.	-	400,000
Frontier School Division		
\$250,000 payable monthly including interest at 3.75% maturing April 30, 2021.	<u>13,074,635</u>	<u>16,831,160</u>
	<u>\$ 28,215,856</u>	<u>\$ 31,793,884</u>

Norway House Cree Nation
Notes to the Consolidated Financial Statements
March 31, 2017

7. Long-term debt (continued)	<u>2017</u>	<u>2016</u>
Balance carried forward	\$ 28,215,856	\$ 31,793,884
NHCN Housing Projects		
Peace Hills Trust		
Construction mortgage, payable in blended monthly instalments of \$25,181 and interest rate of 5% renewable on November 1, 2019.	4,128,451	4,224,971
Royal Bank of Canada		
Demand loan payable in annual instalments of \$110,570 less interest at 2.94% payable monthly maturing April 1, 2019, secured by 35 housing units.	884,561	1,009,223
Mortgage payable in monthly instalments of \$15,193, less interest at 2.14% payable monthly, maturing April 1, 2020, secured by 36 housing units.	1,354,463	1,514,250
Term reducing loan, first payment effective June 30, 2002 in the amount of \$12,365 monthly including interest at 2.64%, secured by a Band Council Resolution supporting the apartment building construction loan in the original amount of \$2,400,000 and acknowledgement from INAC as to loan funding, terms and conditions.	1,445,244	1,553,515
Revolving term loan, repayable in monthly instalments of \$4,725 including interest at 2.19%, secured by a Band Council Resolution committing to a loan for the purchase of trailers.	637,904	691,300
Revolving term loan, repayable in monthly instalments of \$13,755 plus interest at 2.63%, secured by a Band Council Resolution supporting a loan facility of \$2,652,000 to fund the construction of the 33-unit CMHC project.	1,876,231	1,998,767
Mortgage payable in monthly instalments of \$17,510 including interest at 6%, maturing November 1, 2021 secured by 33 trailer units.	<u>2,045,366</u>	<u>2,141,225</u>
Total long-term debt – NHCN Housing Projects	<u>12,372,220</u>	<u>13,133,251</u>
	<u>\$ 40,588,076</u>	<u>\$ 44,927,135</u>

Norway House Cree Nation
Notes to the Consolidated Financial Statements
March 31, 2017

7. Long-term debt (continued)	2017	2016
Balance carried forward	\$ 40,588,076	\$ 44,927,135
CMHC Housing Projects		
Canada Mortgage and Housing Corporation		
Mortgage payable, 1.82%, repayable in monthly instalments of \$5,789 due June 1, 2023.	410,125	471,563
Mortgage payable, 1.80%, repayable in monthly instalments of \$4,563, due June 21, 2023.	470,215	516,108
Mortgage payable, 1.53%, repayable in monthly instalments of \$3,485, due October 1, 2027.	408,405	443,712
Mortgage payable, 1.71%, repayable in monthly instalments of \$3,069, due September 1, 2027.	353,799	384,327
Mortgage payable, 1.71%, repayable in monthly instalments of \$2,050, due September 1, 2027.	236,287	256,676
Mortgage payable, 1.62%, repayable in monthly instalments of \$4,418, due March 1, 2028.	533,964	577,987
Mortgage payable, 1.92%, repayable in monthly instalments of \$1,445, due January 1, 2029.	183,454	197,147
Mortgage payable, 1.83%, repayable in monthly instalments of \$1,888, due November 1, 2024.	161,968	181,483
Mortgage payable, 1.08% repayable in monthly instalments of \$4,422, due August 1, 2025.	426,808	475,005
Mortgage payable, 1.62% repayable in monthly instalments of \$6,540, due February 1, 2032.	1,039,798	1,100,993
Mortgage payable, 1.12% repayable in monthly instalments of \$10,324, due February 1, 2035.	2,010,662	2,111,525
Mortgage payable 1.19%, repayable in monthly instalments of \$5,066, due July 1, 2035.	1,001,148	1,049,773
Mortgage payable 2.35%, repayable in monthly instalments of \$15,598, due September 1, 2033.	2,560,041	2,685,879
Mortgage payable 2.08%, repayable in monthly instalments of \$10,495, due February 1, 2034.	1,795,647	1,883,485
Mortgage payable in monthly instalments of \$2,560 including interest at 1.88%, maturing April 1, 2018.	32,922	62,722
Mortgage payable, 1.92% payable in monthly instalments of \$6,172, loan renewal date March 1, 2019.	145,222	215,776
Mortgage payable, 1.67% payable in monthly instalments of \$7,979, loan renewal date February 1, 2019.	180,490	272,404
Toronto-Dominion Bank		
Mortgage payable, 3.28% repayable in monthly instalments of \$3,994 due January 1, 2019.	87,918	129,119
Total long-term debt – CMHC Housing Projects	12,038,873	13,015,684
Total long term debt	\$ 52,626,949	\$ 57,942,819

Norway House Cree Nation
Notes to the Consolidated Financial Statements
March 31, 2017

7. Long-term debt (continued)

Long-term debt for CMHC projects financed by the Canada Mortgage and Housing Corporation, Royal Bank and the Toronto-Dominion Bank is secured by a CMHC undertaking to insure, a commitment letter, lender's loan agreement, ministerial guarantee and an assignment of fire insurance.

Principal payments due in the next five years are as follows:

2018	\$ 12,441,590
2019	5,940,710
2020	9,206,014
2021	5,136,566
2022	4,281,223

8. Replacement reserves

The accumulated surplus includes the cumulative total of the levy of operations, interest earned on deposits, less expenditures incurred since inception in accordance with the agreement with Canadian Mortgage and Housing Corporation of \$2,618,797 (2016:\$ 2,436,366).

Norway House Cree Nation
Notes to the Consolidated Financial Statements

March 31, 2017

9. Tangible capital assets	Opening Cost	Additions	Transfers/ Disposals	Closing Cost	Opening Accumulated Depreciation	Adjustments	Transfers/ Disposals	Amortization Expense	Accumulated Depreciation	2017 NBV	2016 NBV
Funded capital assets											
Major housing renovations											
Housing	\$ 1,642,304	\$	\$	\$ 1,642,304	\$ 892,557	\$	\$	29,990	\$ 922,547	\$ 719,757	\$ 749,747
Buildings - administration	8,826,759			8,826,759	4,728,534			163,929	4,892,463	3,934,296	4,098,225
- others	2,093,807			2,093,807	996,119			52,345	1,045,484	1,045,343	1,097,688
Construction in progress	108,210			108,210	52,152			2,705	55,457	52,753	55,458
CMHC projects											
Land and improvements	103,102			103,102						103,102	103,102
Buildings	28,173,408			28,173,408	8,274,082			976,810	9,250,892	18,922,516	19,899,326
Furnishings and equipment	182,151			182,151						182,151	182,151
Unfunded capital assets											
Buildings											
Multiplex	7,123,362			7,123,362	3,196,734			178,084	3,374,818	3,748,544	3,925,628
Health and Social	951,755			951,755	527,772			16,959	544,731	407,024	423,983
333 Maryland Street	5,994,533	203,271		6,197,804	1,539,229			157,699	1,696,928	4,500,876	4,455,304
Apartments	15,337,760			15,337,760	6,428,719			356,362	6,785,081	8,552,679	8,909,041
Trailers	9,915,330			9,915,330	2,892,771			280,902	3,173,673	6,741,657	7,022,559
Molson Lake Lodge	1,845,747	48,088	(4,157)	1,889,678	1,482,867			44,073	1,526,940	362,738	362,880
4015029 MB Ltd.	865,034			865,034						865,034	865,034
Whiskeyjack Centre	4,874,864			4,874,864	2,067,465			112,296	2,179,761	2,695,103	2,807,399
Minisowin Agency	5,064,164			5,064,164	596,035			126,604	4,341,525	4,468,129	4,468,129
High School	51,205,272			51,205,272	12,161,252			1,280,132	13,441,384	37,763,888	39,044,020
Teachergae	2,881,877			2,881,877	856,649			81,009	937,658	1,944,219	2,025,228
Phaow Wachi	3,784,659			3,784,659	1,347,086			97,503	1,444,589	2,340,070	2,437,573
Other	10,469,508	2,152,499		12,622,007	4,503,275			256,064	4,799,339	7,822,668	5,966,233
Equipment											
Multiplex	1,104,543			1,104,543	992,153			24,422	1,016,575	87,968	112,390
Cablevision	1,703,080			1,703,080	1,142,614			112,093	1,254,707	448,373	560,466
Video	358,711			358,711	300,937			11,555	312,492	46,219	57,774
Computer	952,713	60,464		1,013,177	918,269			19,403	937,672	75,505	34,444
Water and sewer	16,283,261			16,283,261	9,894,238			345,845	10,240,083	6,043,178	6,389,023
Muchipunwin	91,710			91,710	16,831			8,020	24,851	74,879	
Band Admin	1,455,353			1,455,353	1,056,584			80,569	1,137,153	318,200	398,769
Assets under capital lease	709,346			709,346	709,346				709,346		
Gaming Commission	192,943			192,943	109,095			3,484	112,578	80,364	83,848
Dental Clinic	638,750			638,750	618,494				618,494	20,256	20,256
Pinxow Wachi Inc.	435,232			435,232	302,057			26,940	328,997	185,997	133,175
Machinery	10,235,848			10,235,848	5,862,129			473,413	6,335,542	4,625,657	4,373,719
Log house	505,542			505,542				2,500	247,500	247,500	
Street lighting	4,798,372			4,798,372	374,047			13,149	387,196	118,346	131,495
Vehicles					3,557,131			386,709	3,943,840	1,045,725	1,241,241
York Boat Inn		191,193									
Land	75,000			75,000						75,000	75,000
Building	1,131,059			1,131,059	314,441			17,790	332,231	798,828	816,618
Furnishings and equipment	511,193	206,437		717,630	306,530			14,012	320,542	397,088	204,663
Computer	21,249			21,249	16,507			13	16,520	4,742	
Signage	12,766			12,766	10,470			5	10,475	2,291	2,296
Telephone system	14,739			14,739	14,511			98	14,609	130	228
Mail - Building	5,227,077			5,227,077	2,141,560			131,249	2,272,809	2,954,268	3,085,517
- Buses	533,501		(15,605)	517,896	522,361			2,224	509,000	8,896	11,120
Pharmacy	351,344	52,500		595,269	296,355			89,075	387,430	207,839	296,914
Daycare	1,062,004			1,062,004	403,844			40,892	228,547	175,297	163,689
Construction in progress	18,182,856	6,285,747		24,468,703	1,062,004			26,550	515,976	546,028	572,578
Lagoon	14,817,145			14,817,145	2,188,249					24,468,703	18,182,956
Paving	13,272,330			13,272,330	6,339,870			312,472	2,501,721	12,315,424	12,627,896
Winter road	1,540,592			1,540,592	789,185			277,298	6,655,162	6,655,162	6,932,460
	\$ 258,257,234	\$ 10,308,484	\$ (72,954)	\$ 288,492,784	\$ 92,017,963	\$	\$ (15,605)	\$ 6,703,302	\$ 98,705,660	\$ 169,787,124	\$ 166,239,271

Norway House Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2017

10. Inventory	<u>2017</u>	<u>2016</u>
Norway House Cree Nation Gaming Commission	\$ 11,279	\$ 12,965
York Boat Inn	4,000	1,500
Norway House Pharmacy Ltd.	<u>465,029</u>	<u>234,500</u>
	<u>\$ 480,308</u>	<u>\$ 248,965</u>

11. Economic dependence

Norway House Cree Nation receives a major portion of its revenues pursuant to funding arrangements with Indigenous and Northern Affairs Canada.

12. Contingencies

- a) Norway House Cree Nation has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if Norway House Cree Nation fails to comply with the terms and conditions of the agreements.
- b) The entity is involved in legal claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of this matter will not have a material adverse effect on the entity's financial position, results of operations or cash flows. Any amounts awarded as a result of these actions will be reflected in the year of settlement.

Norway House Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2017

13. Pension plan

Norway House Cree Nation provides a defined contribution pension plan to its employees. The net expense for the period is \$225,401 (2016: \$204,247).

Employees contribute 3% of their earnings to the entity's pension plan. The entity matches these employee contributions.

At retirement, employees may elect to receive "life income fund like" payments from the pension plan or transfer their pension funds including vested Norway House Cree Nation contributions and related investment earnings to a financial institution of their choice for the purpose of obtaining retirement income payments from a life annuity or life income fund.

14. Financial instrument risk management

Norway House Cree Nation is susceptible to credit risk due to the large balances of accounts receivable and significant overdue accounts. Credit risk is the risk of financial loss if a debtor fails to make payments of interest and principal when due. Accounts receivable from federal and provincial governments pose minimal credit risk. Miscellaneous receivables from various other individuals and entities are monitored on a regular basis. Norway House Cree Nation measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on Norway House Cree Nation's historical experience regarding collections.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and price risk. Unless otherwise noted, it is management's opinion that Norway House Cree Nation is not exposed to significant currency, interest and price risk.

Liquidity risk is the risk that Norway House Cree Nation will not be able to meet all cash outflow obligations as they become due. NHCN mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Norway House Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2017

15. Segment disclosure

Norway House Cree Nation is a diversified government institution that provides a wide range of services to its members, including education, infrastructure maintenance, and medical services, among other services.

Services are provided by departments and their activities are reported in these funds. The departments that have been separately disclosed along with the services they provide are as follows:

Education: department that provides services to elementary and secondary students. The department also supports post-secondary students by providing funds for tuition fees, books and living allowances.

Employment and Training: provides funding to support development and enhancement of essential employability skills, training for high-demand jobs, job finding, and programs for youth and people with disabilities.

Social Services: responsible for administering assistance payments as well as providing services directed towards members.

Band Support: oversees the delivery of all government services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance of Chief and Council.

Public Works: department is responsible for public services such as the operation and maintenance of roads, water and sanitation system and waste management. Maintenance of Norway House Cree Nation buildings and community infrastructure is also included in this segment.

Housing: in charge of all activities related with First Nation housing construction and administration, rental units and Residential Repair Assistance Programs (RRAP).

Health Services: department provides a diverse bundle of services directed towards the well-being of members including such activities as medical transportation, home support services, prenatal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members.

Assisted Living: provides funding to assist in medical and non-medical, social support services to seniors, adults with chronic illness, and children and adults with disabilities (mental and physical) so that they can maintain functional independence and achieve greater self-reliance. There are three major components to the program; in-home care, adult foster care and institutional care. In-home care provides financial assistance for non-medical personal care for all individuals who need assistance with activities of daily living. Adult foster care and institutional care provide funding for eligible individuals in need of personal medical and non-medical care in a supported living environment.

Norway House Cree Nation
Notes to the Consolidated Financial Statements
March 31, 2017

15. Segment disclosure (continued)

Emergency Services: provide timely and safe response, medical assessment and treatment, and medical transport services in emergencies to the community of Norway House Cree Nation.

Restorative Justice: to facilitate Aboriginal peoples' greater involvement in the administration of justice in the Province of Manitoba and the Government of Canada.

Safety Officer's Program: department responsible for internal security and law enforcement. The main activities include handling of domestic issues, traffic accidents, finding missing persons and filling out paperwork.

Parks and Recreation: department that runs different programs and activities with the purpose to improve health and quality of life of members. Activities performed include sports coordination, maintenance of public spaces, York Boat days and other social activities for all members.

Youth: perform programs and activities for youth in matters such as education, culture, health, economic development, welfare, housing and infrastructure and sports and recreation.

VLT Operations: department responsible for the operations of video lottery terminals.

CMHC: division of the Norway House Cree Nation that administers housing projects partially funded by operating agreements with CMHC.

Broadband: organization that provides high speed internet services in Norway House, Manitoba and the surrounding areas.

Keenanow Trust Secretariat: organization is an unincorporated, non-profit, non-taxable entity responsible for the administration of funds received from Keenanow Trust. The trust was established to promote social welfare, civic improvement, recreation and the economic, spiritual and cultural welfare of Norway House Cree Nation and its members.

Norway House Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2017

15. Segment disclosure (continued)

Enterprises: includes the activities of Norway House Cree Nation related entities such as:

Kinosao Sipi Business Development Corporation: organization that undertakes economic development projects with the goal of generating revenues and employing members.

4744757 Manitoba Ltd.: general partner of 333 Maryland Limited Partnership, entity that operates the rental property located at 333 Maryland in Winnipeg, Manitoba.

York Boat Inn: motel services provided at building located in Norway House, Manitoba. Activities include front desk, janitorial and cleaning services.

Molson Lake Lodge (1978) Ltd.: entity that provides accommodation, fly-in, outposts and guide services for ultimate fishing in different lakes of Norway House, Manitoba.

Kinosao Sipi Dental Centre: organization that provides dental treatments, oral health assessment, dental hygiene, x-rays and dental education.

Kinosao Sipi Muchipunowin Program: unincorporated entity that operates radio bingo events in Norway House, Manitoba.

Norway House Pharmacy Ltd.: general partner of Norway House Pharmacy Limited Partnership, entity that provides for the safe supply and use of medicines by patients and members.

Norway House Cree Nation Gaming Commission: department responsible for the operation of licensed gaming activities.

For each reported segment, revenue and expenditures include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in the summary of significant accounting policies.

Norway House Cree Nation
Notes to the Consolidated Financial Statements

March 31, 2017

15. Segment Disclosure (continued)

	Band Support			Education			Employment and Training			Social Services			Health Services			Public Works		
	Budget 2017	2017	2016	Budget 2017	2017	2016	Budget 2017	2017	2016	Budget 2017	2017	2016	Budget 2017	2017	2016	Budget 2017	2017	2016
Revenue																		
Federal Government	\$ 4,904,653	\$ 6,003,931	\$ 4,745,190	\$ 27,715,928	\$ 27,360,395	\$ 26,639,685	\$ 248,828	\$ 481,137	\$ 239,166	\$ 11,766,699	\$ 11,548,841	\$ 11,299,788	\$ 10,479,034	\$ 8,860,880	\$ 3,288,022	\$ 2,864,513	\$ 3,160,344	
Provincial Government	1,561,389	1,911,640	1,694,234	666,139	1,999,786	2,194,793	1,390,117	1,390,117	1,348,551	-	-	-	-	-	-	1,464,591	503,456	1,350,183
Economic activities	-	512,625	508,028	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	4,328,851	3,447,412	8,916,975	883,254	581,354	547,109	-	-	-	8,209	-	-	35,000	34,750	2,633,834	3,669,545	2,805,582	
Total revenue	10,794,893	11,945,608	15,864,427	29,265,321	29,941,535	29,381,597	1,638,945	1,871,254	1,587,717	11,744,908	11,548,841	11,299,788	10,514,034	8,895,630	7,386,447	7,037,514	7,316,039	
Expenditures																		
Salaries and benefits	3,195,340	3,252,608	3,197,976	1,256,224	1,299,671	1,121,260	444,177	767,623	414,468	188,715	211,633	179,304	3,962,742	3,856,097	2,547,369	2,815,883	2,635,714	
Amortization	-	-	-	1,846,050	1,645,744	1,668,276	-	-	-	-	-	-	1,204,521	1,221,012	269,823	240,546	243,839	
Debt servicing	905,718	1,405,931	1,337,814	428,592	556,187	666,090	-	-	-	-	-	-	-	-	80,616	82,995	77,485	
Transfer – interdepartment	(182,978)	-	(296,104)	(4,070)	(3,912)	(3,912)	-	-	-	-	-	-	-	-	-	(692,513)	(169,782)	
Other expenses	2,774,964	4,427,006	4,651,890	28,891,951	28,209,136	27,588,901	1,099,853	1,151,181	1,256,771	11,954,814	11,696,675	11,473,175	4,589,390	3,763,671	4,857,780	6,580,872	5,175,120	
Total expenditures	6,693,044	9,085,445	8,891,576	32,418,747	31,706,826	31,040,615	1,544,030	1,918,804	1,671,239	12,143,529	11,908,308	11,652,479	9,756,653	8,851,728	7,755,588	9,027,783	7,852,376	
Annual surplus (deficit)	\$ 4,101,849	\$ 2,860,163	\$ 6,972,851	\$ (3,153,426)	\$ (1,765,291)	\$ (1,659,028)	\$ 94,915	\$ (47,550)	\$ (83,522)	\$ (388,621)	\$ (359,467)	\$ (352,691)	\$ 757,381	\$ 43,902	\$ (369,141)	\$ (1,990,269)	\$ (646,287)	

Norway House Cree Nation Notes to the Consolidated Financial Statements

March 31, 2017

15. Segment Disclosure (continued)

	Housing		Parks, Recreation and Multi-Plex		Youth		Emergency Services		Enterprises	
	Budget 2017	2017	Budget 2017	2016	Budget 2017	2017	Budget 2017	2016	Budget 2017	2016
Revenue										
Federal Government	\$ 719,611	\$ 400,000	\$ 691,668	\$ -	\$ -	\$ -	\$ -	\$ 92,616	\$ -	\$ -
Provincial Government	-	-	-	-	-	-	-	551,505	-	-
Economic activities	252,696	244,542	11,295	12,120	-	-	447,304	-	240,000	7,670,113
Other revenue	1,951	903,052	469,067	175,087	-	173,777	-	-	-	-
Total revenue	974,258	1,547,594	1,403,618	187,207	-	173,777	447,304	644,121	240,000	7,670,113
Expenditures										
Salaries and benefits	989,092	1,219,647	922,407	1,092,487	-	11,224	532,799	356,522	-	1,485,522
Amortization	1,975,854	1,761,463	1,785,580	220,251	-	-	18,393	18,645	-	511,130
Debt servicing	-	-	-	-	-	-	-	-	-	449,640
Transfer - interdepartment	-	-	-	-	-	-	-	-	-	-
Other expenses	435,717	335,874	431,444	627,448	-	44,076	326,246	434,161	-	7,536,482
Total expenditures	3,400,663	3,316,984	3,139,431	1,940,186	-	12,303	877,438	809,328	-	9,982,774
Annual surplus (deficit)	\$ (2,426,405)	\$ (1,769,390)	\$ (1,735,813)	\$ (1,752,979)	\$ -	\$ (12,303)	\$ (430,134)	\$ (165,207)	\$ 240,000	\$ (590,220)

Norway House Cree Nation
Notes to the Consolidated Financial Statements

March 31, 2017

15. Segment Disclosure (continued)

	V/LT		CMHC		Assisted Living		Safety Officer's Program		Restorative Justice	
	Budget 2017	2017	Budget 2017	2016	Budget 2017	2016	Budget 2017	2016	Budget 2017	2016
Revenue										
Federal Government	\$ -	\$ -	\$ 834,146	\$ 842,474	\$ 2,969,814	\$ 2,903,481	\$ -	\$ 51,228	\$ 70,000	\$ 52,500
Provincial Government	-	-	-	-	661,268	448,205	-	-	30,000	-
Economic activities	25,800,354	25,300,786	450,000	484,972	-	-	216,177	-	-	-
Other revenue	-	-	-	-	293,630	283,181	-	-	-	-
Total revenue	25,800,354	25,300,786	1,284,146	1,327,446	3,924,712	3,634,868	216,177	51,228	100,000	52,500
Expenditures										
Salaries and benefits	455,547	458,213	-	-	1,143,998	1,668,792	367,026	288,284	46,348	33,788
Amortization	-	-	976,810	953,364	-	122,192	-	-	-	-
Debt servicing	12,217	13,998	220,134	249,873	-	-	-	-	-	-
Transfer - interdepartment	-	-	-	-	-	-	-	-	-	-
Other expenses	21,144,594	20,730,856	275,000	192,093	1,451,070	1,728,338	81,990	76,143	48,045	19,277
Total expenditures	21,612,358	21,203,067	1,453,944	1,395,130	2,719,511	3,519,322	449,017	364,427	94,393	53,065
Annual surplus (deficit)	\$ 4,187,996	\$ 4,097,719	\$ (168,798)	\$ (67,684)	\$ 1,205,201	\$ 115,546	\$ (232,840)	\$ (313,199)	\$ 5,607	\$ (565)

March 31, 2017

	Broadband		Keenanow Trust Secretariat			Elimination		Total	
	<u>Budget 2017</u>	<u>2017</u>	<u>2016</u>	<u>Budget 2017</u>	<u>2017</u>	<u>2016</u>	<u>Budget 2017</u>	<u>2017</u>	
Revenue									
Federal Government	\$ 4,268,186	\$ 4,300,787	\$ -	\$ -	\$ -	\$ -	\$ 66,256,056	\$ 67,312,598	
Provincial Government	-	-	-	-	-	-	6,237,288	6,237,288	
Economic activities	-	-	-	-	-	-	28,218,936	37,189,697	
Other revenue	-	<u>614,985</u>	<u>601,538</u>	<u>2,332,720</u>	<u>3,460,273</u>	<u>(1,829,480)</u>	<u>8,286,531</u>	<u>15,584,922</u>	
Total revenue	<u>4,268,186</u>	<u>4,915,772</u>	<u>601,538</u>	<u>2,332,720</u>	<u>3,460,273</u>	<u>(1,829,480)</u>	<u>107,555,772</u>	<u>120,815,218</u>	
Expenditures									
Salaries and benefits	474,054	184,036	186,652	-	-	-	16,519,958	18,852,439	
Amortization	-	-	172,245	-	-	-	6,687,352	6,703,302	
Debt servicing	179,204	54,509	-	-	-	-	1,826,394	2,662,696	
Transfer - interdepartment	-	-	936,323	-	-	-	(187,048)	477,473	
Other expenses	<u>1,282,625</u>	<u>607,800</u>	<u>936,323</u>	<u>2,443,461</u>	<u>3,304,204</u>	<u>(1,829,480)</u>	<u>80,373,961</u>	<u>85,511,610</u>	
Total expenditures	<u>1,935,883</u>	<u>846,345</u>	<u>1,295,220</u>	<u>2,443,461</u>	<u>3,304,204</u>	<u>(1,829,480)</u>	<u>105,220,704</u>	<u>113,017,627</u>	
Annual surplus (deficit)	<u>\$ 2,332,303</u>	<u>\$ 4,069,427</u>	<u>\$ (693,682)</u>	<u>\$ -</u>	<u>\$ (110,741)</u>	<u>\$ 156,069</u>	<u>\$ 2,335,068</u>	<u>\$ 3,452,929</u>	

Norway House Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2017

16. Expenses by object

The following is a summary of expenses by object:

	<u>2017</u>	<u>2016</u>
Administration	\$ 4,689,196	\$ 4,168,664
Amortization	6,703,302	6,697,053
Bad debt	846,705	989,191
Board, hotels and accommodations	785,728	834,010
Contracts – public works	3,303,020	1,822,970
Gas and oil	1,031,828	1,035,322
Interest	2,783,394	2,522,811
Keenanow Trust Secretariat	2,443,461	3,304,204
Materials and supplies	2,032,177	2,163,123
Miscellaneous	8,899,976	8,633,808
MLCC share	842,112	803,959
Nursing unit	1,106,337	1,113,548
Professional fees	1,413,633	1,521,425
Program costs	1,647,018	2,132,529
Salaries and benefits	18,852,439	17,496,550
Social assistance and pensioners	11,505,611	11,435,709
Transportation	1,721,963	1,887,273
Tuition	25,109,812	24,153,058
VLT prize payout	19,860,503	19,431,012
Utilities	<u>783,307</u>	<u>871,408</u>
	<u>\$ 116,361,522</u>	<u>\$ 113,017,627</u>

Norway House Cree Nation **Notes to the Consolidated Financial Statements**

March 31, 2017

17. Government transfers	Operating	2017 Capital	Total	Operating (Note 18)	2016 Capital	Total (Note 18)
Federal Government Transfers:						
Indigenous and Northern Affairs Canada	\$ 52,668,245	\$ -	\$ 52,668,245	\$ 50,117,662	-	\$ 50,117,662
Health Canada	9,941,726	-	9,941,726	8,380,478	-	8,380,478
Industry Canada	3,649,481	-	3,649,481	48,750	-	48,750
Canada Mortgage and Housing Corporation	834,146	-	834,146	842,474	-	842,474
Policing	70,000	-	70,000	103,728	-	103,728
MKO	2,030,389	-	2,030,389	1,988,823	-	1,988,823
	<u>\$ 69,193,987</u>	<u>\$ -</u>	<u>\$ 69,193,987</u>	<u>\$ 61,481,915</u>	<u>\$ -</u>	<u>\$ 61,481,915</u>

18. Comparative figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

Norway House Cree Nation
Summary Schedule of Revenue and Expenditures

Year Ended March 31, 2017
(Unaudited)

	INAC	Other	Total Revenue	Total Expenditures	Annual Surplus (Deficit) 2017	Budget	Annual Surplus (Deficit) 2016
Education (Page 34)	\$ 27,360,395	\$ 2,581,140	\$ 29,941,535	\$ 31,706,826	\$ (1,765,291)	\$ (3,153,426)	\$ (1,659,028)
Employment and Training (Page 35)	481,137	1,390,117	1,871,254	1,918,804	(47,550)	94,915	(83,522)
Social Services (Page 36)	11,548,841	-	11,548,841	11,908,308	(359,467)	(368,621)	(352,691)
Band Support (Page 37)	5,854,931	6,090,677	11,945,608	9,085,445	2,860,163	4,101,849	6,972,851
Public Works (Page 38)	2,864,513	4,173,001	7,037,514	9,027,783	(1,990,269)	(369,141)	(646,287)
Housing (Pages 39)	400,000	1,147,594	1,547,594	3,316,984	(1,769,390)	(2,426,405)	(1,735,813)
Health Services (Page 40)	537,308	9,976,726	10,514,034	9,756,653	757,381	(685,940)	43,902
Assisted Living(Page 41)	2,969,814	954,898	3,924,712	2,719,511	1,205,201	1,180,772	115,546
Emergency Services (Page 42)	-	447,304	447,304	877,438	(430,134)	(308,933)	(165,207)
Restorative Justice (Page 43)	-	100,000	100,000	94,393	5,607	-	(565)
Safety Officer's Program (Page 44)	-	216,177	216,177	449,017	(232,840)	(442,922)	(313,199)
Parks, Recreation and Multi-Plex Operations (Page 45)	-	187,207	187,207	1,940,186	(1,752,979)	(1,877,581)	(1,730,264)
Youth (Page 46)	-	-	-	12,303	(12,303)	-	118,477
VLT Operations (Page 47)	-	25,300,786	25,300,786	21,203,067	4,097,719	4,187,996	4,084,246
CMHC (Page 48)	-	1,275,356	1,275,356	1,538,378	(263,022)	(169,798)	(67,684)
Broadband (Page 49)	651,306	4,264,466	4,915,772	846,345	4,069,427	2,332,303	(693,682)
Keenanow Trust Secretariat (Page 50)	-	2,332,720	2,332,720	2,443,461	(110,741)	-	156,069
Enterprises (Page 51)	-	10,174,958	10,174,958	9,982,774	192,184	240,000	(590,220)
	<u>\$ 52,668,245</u>	<u>\$ 70,613,127</u>	<u>\$ 123,281,372</u>	<u>\$ 118,827,676</u>	<u>\$ 4,453,696</u>	<u>\$ 2,335,068</u>	<u>\$ 3,452,929</u>