
MANTO SIFI CREE NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

MANTO SIPI CREE NATION

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MARCH 31, 2016

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Manto Sipi Cree Nation are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.


Chief and 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 consolidated financial statements and the external auditors' report.

The external auditors, Collins Barrow HMA LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Manto Sipi Cree Nation and meet when required.


Chief



Councillor



Councillor



Councillor

Councillor

Councillor



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INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership
Manto Sipi Cree Nation

We have audited the accompanying consolidated financial statements of Manto Sipi Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations, change 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 Manto Sipi Cree Nation as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba
December 6, 2016

Collins Barrow HMA LLP
Chartered Professional Accountants



MANTO SIPI CREE NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2016	2015
FINANCIAL ASSETS		
Restricted cash (Note 2)	\$ 3,021	\$ 64,887
Accounts receivable (Note 3)	527,977	428,170
Due from related entities (Note 4)	531,344	518,289
Investments (Note 5)	<u>3,084</u>	<u>1,019</u>
Total financial assets	<u>1,065,426</u>	<u>1,012,365</u>

LIABILITIES		
Bank indebtedness	635,784	192,161
Accounts payable and accrued liabilities (Note 6)	4,034,607	1,690,932
Deferred revenue (Note 7)	54,234	172,215
Long term debt (Note 8)	<u>7,525,411</u>	<u>7,696,068</u>
Total liabilities	<u>12,250,036</u>	<u>9,751,376</u>
Net debt	<u>(11,184,610)</u>	<u>(8,739,011)</u>

NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	13,500,554	13,400,894
Construction in progress (Note 10)		407,714
Prepaid expenses (Note 11)	<u>1,974,299</u>	<u>171,455</u>
Total non-financial assets	<u>15,474,853</u>	<u>13,980,063</u>
Accumulated surplus	\$ <u>4,290,243</u>	\$ <u>5,241,052</u>
Contingent liabilities (Note 12)		

Approved on behalf of Council

Chief

M. McKinnon

Councillor

W. O. Roman

Councillor

James R. ...
Councillor

Councillor

Councillor

MANTO SIPI CREE NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2016	2015
REVENUE			
Indigenous and Northern Affairs Canada	\$ 6,702,323	\$ 7,966,773	\$ 7,981,868
First Nations and Inuit Health Branch	1,051,289	1,185,531	1,302,321
Canada Mortgage and Housing Corporation		399,700	308,960
Employment and Social Development Canada	251,417	251,417	251,762
Solicitor General	42,726	34,181	42,726
Administration	239,217	275,028	207,811
Gain on investment		2,065	
Other	164,261	254,227	314,071
Province of Manitoba	379,944	415,314	466,441
Rental	397,670	676,118	661,636
Treaty Land Entitlement	43,225	31,842	40,276
User fees	54,200	29,041	21,116
Eliminations	-	(606,320)	(549,446)
	<u>9,326,272</u>	<u>10,914,917</u>	<u>11,049,542</u>
EXPENDITURES			
Governance and administration	1,261,165	1,395,377	1,526,090
Economic development	62,322	81,438	103,004
Community services	436,152	973,544	1,031,217
Capital and construction	341,650	1,173,275	1,306,340
Social services	2,460,469	2,918,939	3,066,302
Training and employment	160,582	192,516	217,821
Health	1,032,915	1,377,602	1,445,443
Child care	90,766	86,204	84,984
Education	3,461,232	3,681,135	3,633,204
Housing authority		592,016	501,461
Eliminations	-	(606,320)	(549,446)
	<u>9,307,253</u>	<u>11,865,726</u>	<u>12,366,420</u>
ANNUAL DEFICIT	19,019	(950,809)	(1,316,878)
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>5,241,052</u>	<u>5,241,052</u>	<u>6,557,930</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 5,260,071</u>	<u>\$ 4,290,243</u>	<u>\$ 5,241,052</u>

MANTO SIPI CREE NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 1 6	2 0 1 5
Annual deficit	\$ 19,019	\$(950,809)	\$(1,316,878)
Acquisition of tangible capital assets and construction in progress		(881,587)	(587,430)
Amortization of tangible capital assets	-	1,189,641	1,454,924
	-	308,054	867,494
Acquisition of prepaid expenses		(1,974,299)	(171,455)
Use of prepaid expenses	-	171,455	528,122
	-	(1,802,844)	356,667
CHANGE IN NET DEBT FOR YEAR	19,019	(2,445,599)	(92,717)
NET DEBT, <i>beginning of year</i>	(8,739,011)	(8,739,011)	(8,646,294)
NET DEBT, <i>end of year</i>	\$(8,719,992)	\$(11,184,610)	\$(8,739,011)

MANTO SIPI CREE NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2016	2015
CASH FLOW FROM		
OPERATING ACTIVITIES		
Cash received from I.N.A.C.	\$ 7,860,138	\$ 7,860,138
Cash received from other sources	2,836,991	2,944,528
Cash paid to suppliers and employees	(10,256,493)	(10,945,014)
	<u>440,636</u>	<u>(140,348)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets and construction in progress	(881,587)	(587,430)
FINANCING ACTIVITIES		
Proceeds from long term debt	1,293,568	3,762,430
Repayment of long term debt	(1,345,051)	(2,353,648)
Proceeds from mortgage advance		70,500
Advances to related parties - net	(13,055)	(435,434)
	<u>(64,538)</u>	<u>1,043,848</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	(505,489)	316,070
CASH, beginning of year	(127,274)	(443,344)
CASH, end of year	<u>\$ (632,763)</u>	<u>\$ (127,274)</u>
CASH COMPRISED OF		
Restricted cash	\$ 3,021	\$ 64,887
Bank indebtedness	(635,784)	(192,161)
	<u>\$ (632,763)</u>	<u>\$ (127,274)</u>

MANTO SIPI CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

REPORTING ENTITY

The Manto Sipi Cree Nation (M.S.C.N.) reporting entity includes the Manto Sipi Cree Nation government and all related entities which are accountable to M.S.C.N. and are either owned or controlled by M.S.C.N..

These consolidated financial statements combine the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to combination:

M.S.C.N. Programs:

- Manto Sipi Cree Nation
- Manto Sipi Cree Nation Housing Authority
- Amos Okemow Memorial Education Authority Inc.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Business entities owned or controlled by M.S.C.N. but not dependent on M.S.C.N. for their continuing operations are included in the financial statements using the modified equity method. Under the modified equity method, the business entity accounting principles are not adjusted to conform to those of M.S.C.N. Thus, M.S.C.N.'s investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- God's River Development Corporation (o/a God's River Lodge)
- Manto Sipi Construction Ltd.

The financial information for God's River Development Corporation entity included in these financial statements is for the year ended October 31, 2015.

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 and prepaid expenses.

NET DEBT

M.S.C.N.'s financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of M.S.C.N. is determined by its liabilities less its financial assets. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)**TANGIBLE CAPITAL ASSETS*

Tangible capital assets include acquired, built, developed and improved 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.

Tangible capital assets acquired are stated at cost, with the exception of land which is recorded at the value assigned to it under the agreement with Canada Mortgage and Housing Corporation (C.M.H.C.). Amortization of tangible capital assets is recorded on a straight line basis at the following annual rates:

Equipment	20 - 50%
Facility	2.5 - 5%
Roads	2.5%
Sewer Systems	2.5 - 6.66%
Vehicles	20 - 30%
Water Systems	2.5 - 6.66%

Amortization is computed at one-half of the annual amortization in the year of acquisition.

INVESTMENTS

Portfolio investments are recorded at cost, less an allowance to reflect any decline in value. M.S.C.N.'s investments in various commercial enterprises are accounted for using the modified equity method. Under the modified equity method, the cost of the investments are adjusted for M.S.C.N.'s share of the commercial enterprises' income or loss less dividends.

SEGMENTS

M.S.C.N. conducts its business through a number of reportable segments. These operating segments are established by management to facilitate the achievement of M.S.C.N.'s long-term objectives to aid in resource allocation decisions, and to assess operational performance.

REVENUE RECOGNITION

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

INCOME TAXES

These consolidated financial statements do not reflect any provisions for corporation income and capital taxes as the individual incorporated enterprises consider themselves exempt from tax under Section 149(1)(d) of the Income Tax Act, Canada.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)**FINANCIAL INSTRUMENTS*

Financial instruments include cash, accounts receivable, due from related entities, accounts payable and accrued liabilities and long-term debt. Unless otherwise stated, it is management's opinion that M.S.C.N. is not exposed to significant interest, currency or credit risk arising from the financial instruments. Unless indicated, the book value of M.S.C.N.'s financial instruments approximate their fair value.

FAIR VALUE

Due to the short term nature of all financial instruments other than long term debt and long term investments, the carrying values as presented in the financial statements are reasonable estimates of fair value. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate, and if so any difference would be accounted for in the period in which it becomes known. For long term investments and long term debt it is not practicable within constraints of timeliness or cost to determine the fair value with sufficient reliability because the instruments are not traded in an organized financial market.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. M.S.C.N. estimates the net book value of tangible capital assets based upon the amortization period and the estimated useful lives of the tangible capital assets. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in surplus in the periods in which they become known.

2. RESTRICTED CASH

REPLACEMENT RESERVE

Under the terms of the operating agreements with C.M.H.C., the Replacement Reserve is to be credited with an annual allocation of \$43,125 (2015 - \$41,475). These funds, along with accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by C.M.H.C. from time to time. The funds in the account may only be used as approved by C.M.H.C. Expenditures are charged to accumulated interest first and then to principal. As of March 31, 2016 an accumulated balance of \$73,940 (2015 - \$105,204) for this reserve remains unfunded and due from the operating fund.

I.N.A.C. TRUST

Capital trust monies are derived from non-renewable resource transactions on the sale of lands or other band tangible capital assets. Capital trust monies are expended on the authorization of the Minister, with the consent of the First Nation Council. Revenue trust monies are generated primarily through land-leasing transactions or interest earned on deposits in the Consolidated Revenue fund of the Government of Canada. Revenue trust monies are, in most cases, managed and expended by the bands under the provisions of the Indian Act.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

2. RESTRICTED CASH (continued)

At the end of the year, the restricted cash consisted of the following balances:

	2 0 1 6	2 0 1 5
I.N.A.C. Trust		
BALANCE, beginning of year	\$ 2,933	\$ 2,822
Add interest earned	<u>61</u>	<u>111</u>
BALANCE, end of year	<u>2,994</u>	<u>2,933</u>
C.M.H.C. Replacement Reserve		
BALANCE, beginning of year	61,954	
Allocation		61,954
Expenditures	<u>(61,927)</u>	<u>-</u>
BALANCE, end of year	<u>27</u>	<u>61,954</u>
TOTAL	\$ <u>3,021</u>	\$ <u>64,887</u>

3. ACCOUNTS RECEIVABLE

	2 0 1 6	2 0 1 5
Indigenous and Northern Affairs Canada		
Capital Housing	\$	\$ 5,000
O&M Wastewater		68,947
Tuition Agreements	19,779	123,130
School O&M		11,500
School Design and Construction	95,480	
School Project - Education Planning Design and Construction	32,752	
School Project - Design - Construction	36,580	
Fuel Assistance	30,000	
Basic Needs	100,096	
First Nations and Inuit Health Branch		
Home and Community Care	36,324	36,324
Transportation	16,800	
Goods and services tax	84,360	29,476
M.K.O. Employment, training and child care	40,380	77,907
Province of Manitoba		44,887
Canada Mortgage and Housing Corporation	47,622	
Trade and other	27,328	79,896
Wabanong Nakaygum Okimawin Inc.		15,000
East Side Road Authority	<u>30,623</u>	<u>-</u>
	598,124	492,067
Less: Allowance for doubtful accounts	<u>(70,147)</u>	<u>(63,897)</u>
	\$ <u>527,977</u>	\$ <u>428,170</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

4. DUE FROM RELATED ENTITIES

	2 0 1 6	2 0 1 5
God's River Development Corporation (o/a God's River Lodge)	\$ 502,917	\$ 502,173
Manto Sipi Construction Ltd.	<u>28,427</u>	<u>16,116</u>
	<u>\$ 531,344</u>	<u>\$ 518,289</u>

The amounts due from related entities are non-interest bearing and have no set repayment terms.

5. INVESTMENTS

	2 0 1 6	2 0 1 5
God's River Development Corporation (o/a God's River Lodge)	\$ (25,632)	\$ 18,695
Manto Sipi Construction Ltd.	<u>28,716</u>	<u>(17,676)</u>
	<u>\$ 3,084</u>	<u>\$ 1,019</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 6	2 0 1 5
Indigenous and Northern Affairs Canada	\$ 178,950	\$ 54,697
Basic Needs	1	
In-Home Care	40,843	94,572
Accrued liabilities	285,972	130,951
Payroll remittances payable	<u>3,528,841</u>	<u>1,410,712</u>
Trade and other	<u>\$ 4,034,607</u>	<u>\$ 1,690,932</u>

7. DEFERRED REVENUE

	2 0 1 6	2 0 1 5
Indigenous and Northern Affairs Canada	\$ 9,566	\$
School Drainage Project	29,000	29,000
School Effectiveness	15,668	47,212
Tuition		
First Nations and Inuit Health Branch		8,028
Community Health Representative		85,659
Home and Community Care	-	<u>2,316</u>
Patient Transportation		
	<u>\$ 54,234</u>	<u>\$ 172,215</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

8. LONG TERM DEBT

Loan payable to Me-Dian Credit Union, 5.85%, repayable in monthly installments of \$60,225 (P&I), plus monthly principal payments of \$27,078, plus annual payments on October 1st of \$87,500, plus annual payments on April 1, 2015 for \$180,000, April 1, 2016 for \$110,000 and April 1, 2017 for \$112,275, due March 2018.

\$ 1,610,427 \$ 2,683,129

Loan payable to Me-Dian Credit Union, 5%, due April 2015.

119,174

Demand loan payable to Kitayan Community Futures Development Corporation Inc., 7%, repayable in monthly installments of \$2,023 (P&I).

34,466

Demand loan payable to Kitayan Community Futures Development Corporation Inc., 7%, repayable in monthly installments of \$2,873 (P&I), due March 1, 2020.

120,867

Loan payable to Me-Dian Credit Union, prime plus 4.30%, repayable with interest only payments and one lump sum payment due June 2016.

22,402

Loan payable to Me-Dian Credit Union, prime plus 4.30%, repayable with interest only payments and one lump sum payment due June 2016.

138,800

Section 10 mortgage payable to Me-Dian Credit Union, 5.48%, repayable in monthly installments of \$5,787 (P&I), due January 2017.

282,437 339,023

Loan payable Me-Dian Credit Union, 6.11%, repayable in monthly installments of \$3,301 (P&I), due November 1, 2016.

20,686 57,783

Loan payable C.M.H.C., 1.67%, repayable in monthly installments of \$602 (P&I), due April 1, 2017.

72,069 78,037

Loan payable C.M.H.C., 1.98%, repayable in monthly installments of \$2,770 (P&I), due May 1, 2019.

507,237 530,205

Loan payable C.M.H.C., 2.84%, repayable in monthly installments of \$7,271 (P&I), due April 1, 2015.

1,278,498 1,334,253

Loan payable C.M.H.C., 1.65%, repayable in monthly installments of \$6,164 (P&I), due June 1, 2017.

1,321,646 1,373,365

Loan payable C.M.H.C., 1.68%, repayable in monthly installments of \$5,146 (P&I), due April 1, 2018.

1,138,843 1,181,099

Loan payable C.M.H.C., 1.17%, repayable in monthly installments of \$3,749 (P&I), due January 1, 2021

977,033

-

\$ 7,525,411 \$ 7,696,068

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

8. LONG TERM DEBT *(continued)*

Loans payable to Canada Mortgage and Housing Corporation are secured by the specific assets financed and a ministerial guarantee by the Government of Canada.

Loans payable to Me-Dian Credit Union are secured by a general security agreement, the specific assets financed and various Band Council Resolutions authorizing the assignment of certain incoming funding for debt repayment purposes.

Loans payable to Kitayan Community Futures Development Corporation Inc. are secured by a general security agreement on the specific assets financed.

The estimated annual principal payments required in each of the next five years to meet retirement provisions is estimated to be as follows:

March 31, 2017	\$ 1,644,556
2018	793,652
2019	318,492
2020	327,519
2021	275,411

MANTO SIPI CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

9. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization		Net Book Value		
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total	
							2016	2015
C.M.H.C. Housing	\$ 6,526,998	\$ 983,960	\$ 7,510,958	\$ 1,363,082	\$ 215,763	\$ 1,578,845	\$ 5,932,113	\$ 5,163,916
Equipment	230,892	13,707	244,599	198,851	20,385	219,236	25,363	32,041
Facilities	11,056,563		11,056,563	7,199,155	589,294	7,788,449	3,268,114	3,857,408
Land	220,000		220,000				220,000	220,000
Roads	1,921,967		1,921,967	1,167,354	48,049	1,215,403	706,564	754,613
Sewer systems	4,272,639		4,272,639	3,090,473	66,067	3,156,540	1,116,099	1,182,166
Vehicles	2,244,202	291,634	2,535,836	1,996,280	126,249	2,122,529	413,307	247,922
Water systems	5,948,697	-	5,948,697	4,005,869	123,834	4,129,703	1,818,994	1,942,828
	\$ 32,421,958	\$ 1,289,301	\$ 33,711,259	\$ 19,021,064	\$ 1,189,641	\$ 20,210,705	\$ 13,500,554	\$ 13,400,894

10. CONSTRUCTION IN PROGRESS

Construction in progress is for a Post-1996 CMHC 5 unit housing project. The project was completed during the 2016 fiscal year and cost was transferred to capital assets and amortized accordingly.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

11. PREPAID EXPENSES

	2016	2015
Building materials	\$ 1,773,431	\$ 9,482
Social Services - assistance issued in March for April	73,789	77,331
Supplies	<u>127,079</u>	<u>84,642</u>
	<u>\$ 1,974,299</u>	<u>\$ 171,455</u>

12. CONTINGENT LIABILITIES

- (a) M.S.C.N. receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses to the various programs. In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their agreements. At this time no estimate of the requirements, if any, to reimburse the agencies can be made. For accounting purposes any amounts assessed or claims paid will be accounted for in the year of determination.
- (b) M.S.C.N. is contingently liable as guarantor of loans for Manto Sipi Construction Ltd. in the aggregate amount of \$390,158 (2015 - \$462,100).
- (c) M.S.C.N. is contingently liable as guarantor of loans for Gods River Economic Development Corp. in the aggregate amount of \$300,000.

13. RECONCILIATION OF INDIGENOUS AND NORTHERN AFFAIRS CANADA REVENUE

	2016	2015
Agreement: #302-302	\$ 7,844,699	\$ 8,012,326
Plus: Revenue deferred from previous years		481
School Bundling	47,212	16,273
Tuition	29,000	29,000
School Effectiveness	100,096	
Additional Basic Needs funding 15/16		
Less: Revenue deferred to subsequent year	(9,566)	
School Design and Construction	(15,668)	(47,212)
Tuition	(29,000)	(29,000)
School Effectiveness		
TOTAL I.N.A.C. REVENUE PER FINANCIAL STATEMENTS	<u>\$ 7,966,773</u>	<u>\$ 7,981,868</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

14. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 1 6	2 0 1 5
Amortization	\$ 1,189,641	\$ 1,454,923
Band support	108,940	168,941
Insurance	186,650	216,103
Interest	304,618	350,761
Other	1,376,858	1,752,480
Professional fees	384,432	234,559
Repairs and maintenance	416,527	542,662
Salaries and benefits	4,020,339	3,516,187
Social assistance	2,785,667	3,087,596
Student support	746,227	662,269
Supplies	339,598	343,430
Travel	409,860	391,950
Utilities	202,689	194,005
Eliminations	(606,320)	(549,446)
	<u>\$ 11,865,726</u>	<u>\$ 12,366,420</u>

15. ECONOMIC DEPENDENCE

M.S.C.N. receives a major portion of its revenues pursuant to a funding arrangement with I.N.A.C. and F.N.I.H.B.

16. COMPARATIVE FIGURES

Certain prior year's comparative amounts have been reclassified where necessary to conform to the presentation adopted for the current year.

MANTO SIPI CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

17. SEGMENT DISCLOSURE

Manto Sipi Cree Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The segment results for the year are as follows:

	Governance and Administration		Economic Development		Community Services		Capital and Construction			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>		
Revenues										
Federal Government										
INAC	\$	579,829	\$	62,322	\$	62,322	\$	627,614	\$	579,868
FNIHB										
CMHC										
ESDC										
Other		<u>34,181</u>		<u>42,726</u>		<u>-</u>		<u>-</u>		<u>-</u>
Subtotal		614,010		591,419		62,322		426,834		423,307
Other revenue		<u>879,075</u>		<u>845,826</u>		<u>-</u>		<u>29,041</u>		<u>21,116</u>
Total revenue		<u>1,493,085</u>		<u>1,437,245</u>		<u>62,322</u>		<u>455,875</u>		<u>444,423</u>
Expenditures										
Amortization		44,849		55,074		17,251		388,937		494,528
Debt servicing		110,634		173,025						
Other		733,863		1,023,213		64,187		209,998		298,336
Salaries and benefits		<u>506,031</u>		<u>274,778</u>		<u>-</u>		<u>374,609</u>		<u>238,353</u>
Total expenses		<u>1,395,377</u>		<u>1,526,090</u>		<u>81,438</u>		<u>973,544</u>		<u>1,031,217</u>
Surplus (Deficit)	\$	<u>97,708</u>	\$	<u>(88,845)</u>	\$	<u>(19,116)</u>	\$	<u>(517,669)</u>	\$	<u>(586,794)</u>

MANTO SIPI CREE NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

17. SEGMENT DISCLOSURE (continued)

	Social Services		Training and Employment		Health		Child Care	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues								
Federal Government								
INAC	\$ 2,689,643	\$ 3,131,556	\$ 11,969	\$ 11,719	\$ 1,185,531	\$ 1,302,321	\$ -	\$ -
FNHIB	-	-	-	-	-	-	85,766	85,766
CMHC	-	-	165,651	165,996	-	-	-	-
ESDC	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Subtotal	2,689,643	3,131,556	177,620	177,715	1,185,531	1,302,321	85,766	85,766
Other revenue	-	-	6,500	52,626	-	-	-	-
Total revenue	2,689,643	3,131,556	184,120	230,341	1,185,531	1,302,321	85,766	85,766
Expenses								
Amortization								
Other	2,785,031	2,980,919	2,233	4,467	130,080	136,431	25,082	28,464
Salaries and benefits	133,908	85,383	45,080	58,644	547,856	742,932	61,122	56,520
			145,203	154,710	699,666	566,080	86,204	84,984
Total expenses	2,918,939	3,066,302	192,516	217,821	1,377,602	1,445,443	172,408	169,968
Surplus (Deficit)	\$ (229,296)	\$ 65,254	\$ (8,396)	\$ 12,520	\$ (192,071)	\$ (143,122)	\$ (86,642)	\$ 782

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MARCH 31, 2016

17. SEGMENT DISCLOSURE (continued)

	Education		Housing		Eliminations		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues								
Federal Government								
INAC	\$ 3,568,562	\$ 3,224,403	\$	\$	\$	\$	\$ 7,966,773	\$ 7,981,868
FNIHB							1,185,531	1,302,321
CMHC			269,149	270,275			399,700	308,960
ESDC							251,417	251,762
Other							34,181	42,726
Subtotal	3,568,562	3,224,403	269,149	270,275	-	-	9,837,602	9,887,637
Other revenue	64,664	70,145	230,488	213,007	(606,320)	(549,446)	1,077,315	1,161,905
Total revenue	3,633,226	3,294,548	499,637	483,282	(606,320)	(549,446)	10,914,917	11,049,542
Expenses								
Amortization	76,632	92,492	215,763	205,032			1,189,641	1,454,924
Debt servicing			78,191	97,644			207,706	292,542
Other	1,699,207	1,686,114	298,062	198,785	(606,320)	(549,446)	6,448,040	7,102,767
Salaries and benefits	1,905,296	1,854,598					4,020,339	3,516,187
Total expenses	3,681,135	3,633,204	592,016	501,461	(606,320)	(549,446)	11,865,726	12,366,420
Surplus (Deficit)	\$ (47,909)	\$ (338,656)	\$ (92,379)	\$ (18,179)	\$	\$	\$ (950,809)	\$ (1,316,878)