

Chemawawin Cree Nation
Consolidated Financial Statements
March 31, 2016

Chemawawin Cree Nation
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For the year ended March 31, 2016

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Management's Responsibility

To the Members of Chemawawin Cree Nation

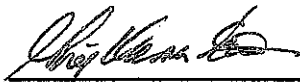
The accompanying financial statements of Chemawawin Cree Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

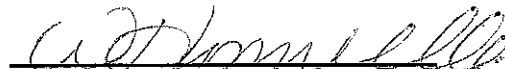
In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Chemawawin Cree Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.



Chief Clarence Easter



Finance Administrator

Independent Auditors' Report

To the Members of Chemawawin Cree Nation:

We have audited the accompanying financial statements of Chemawawin Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, 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 Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Chemawawin Cree Nation as at March 31, 2016 and the results of its operations (including remeasurement gains and losses), changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Swan River, Manitoba

November 1, 2016

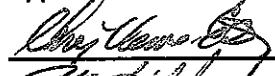


MNP LLP

Chartered Professional Accountants

Chemawawin Cree Nation
Consolidated Statement of Financial Position
As at March 31, 2016

	2016	2015
Financial assets		
Cash and cash equivalents (Note 4)	3,136,229	4,131,958
Restricted cash (Note 5)	521,718	263,675
Accounts receivable (Note 6)	2,730,632	2,416,317
Investments (Note 7), (Note 15), (Note 16)	11,707,408	10,048,106
Inventory for resale	133,863	163,289
Investments in Nation partnerships (Note 8)	839,364	873,486
Funds held in trust (Note 9)	23,593	50,014
	19,092,807	17,946,845
Liabilities		
Accounts payable and accruals (Note 10)	2,899,974	3,154,130
Deferred revenue (Note 11)	193,808	281,801
Long-term debt (Note 12)	13,934,282	11,154,077
	17,028,064	14,590,008
Net financial assets	2,064,743	3,356,837
Contingencies (Note 21)		
Non-financial assets		
Tangible capital assets (Note 13)	46,503,698	45,308,657
Prepaid expenses	135,676	192,739
Other (Note 14)	368,421	403,952
	47,007,795	45,905,348
Accumulated surplus	49,072,538	49,262,185
Accumulated surplus is comprised of:		
Accumulated surplus	47,585,766	49,262,185
Accumulated remeasurement gains	1,486,772	-
	49,072,538	49,262,185

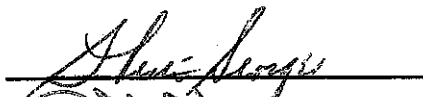

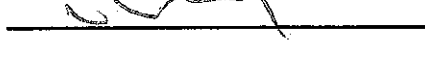
Approved on behalf of the First Nation:

Chief

Councillor

Councillor

Councillor

Councillor

Councillor

Chemawawin Cree Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2016

	2016 <i>Budget</i>	2016	2015 <i>Restated (Note 3)</i>
Revenue			
Indigenous and Northern Affairs Canada (Note 20)	10,856,852	11,008,961	10,870,276
Health Canada (Note 20)	1,966,430	2,045,532	1,773,250
Canada Mortgage and Housing Corporation (Note 20)	1,065,061	755,941	775,303
Human Resources and Skills Development Canada (Note 20)	546,538	426,659	426,659
Gaming revenue	665,100	621,427	640,764
Grocery Store revenue	2,545,130	2,797,669	2,674,130
Other revenue	257,155	281,259	109,347
Province of Manitoba (Note 20)	149,200	668,494	219,015
Rental income	1,293,184	2,154,565	1,667,276
Manitoba Hydro funding	1,610,508	1,648,336	2,123,164
Administration fees	1,070,762	1,597,896	1,516,874
Investment income	381,178	804,707	695,818
Internet revenues	160,788	151,651	151,344
Frontier School Division	75,000	135,255	123,249
User fees	46,200	65,189	68,050
Interest income	-	20,869	27,864
Earnings from investment in Nation partnerships	-	9,163	26,608
	22,689,086	25,193,573	23,888,991
Expenses			
Employment and Daycare	546,538	384,667	386,569
Public Works	2,913,253	5,296,785	3,489,837
Band Government and Administration	1,763,643	1,888,448	1,806,747
Social Services	4,013,088	3,915,660	3,885,797
Other Operations	134,000	737,020	945,897
Economic Development	81,036	42,855	55,629
Post Secondary	477,709	436,028	388,231
Land Management	189,176	129,375	248,420
Chemawawin Otineka Business Corporation	2,542,167	2,838,778	2,782,419
Chemawawin Development Trust	415,896	448,858	378,601
Chemawawin Resource Trust	-	2,200	3,356
CCN School Inc.	3,630,231	3,920,675	4,012,486
Chemawawin Housing Authority	1,641,473	2,118,577	1,605,285
Chemawawin Service Centre	-	(641)	2,072
Chemawawin Health Authority	2,104,710	2,047,110	1,801,714
Chemawawin Economic Development Inc.	1,610,508	1,610,282	1,600,265
CCN Communications	117,662	166,865	149,982
4216083 MB Ltd.	46,235	59,929	61,661
Chemawawin Gaming Commission	689,886	706,452	786,600
	22,917,211	26,749,923	24,391,568
Deficit before other items	(228,125)	(1,556,350)	(502,577)
Other income (expense)			
Loss on disposal of capital assets	-	(304,515)	(8,495)
Loss on write-down of tangible capital assets	-	(23,813)	-
Gain on debt forgiveness	-	208,259	25,645
Deficit before transfers	(228,125)	(1,676,419)	(485,427)

Continued on next page

Chemawawin Cree Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2016

	<i>Schedules</i>	2016	2016	2015
Deficit before transfers <i>(Continued from previous page)</i>		(228,125)	(1,676,419)	(485,427)
Transfers between programs				
Transfer from Special Projects to the Chief's Office	-	670,764	582,826	
Contribution to the Chief's Office from Special Projects	-	(670,764)	(582,826)	
Contribution to Band Administration from General Fund	-	194,000	194,000	
Transfers to CCN School Inc. from General Fund	-	3,483,446	3,203,918	
General Fund Contribution to Housing	-	285,289	326,110	
Allocation from General Fund to CCN School Inc.	-	(3,483,446)	(3,203,918)	
Allocation from General Fund to Other Programs	-	(1,252,289)	(1,110,903)	
Contribution from Special Projects to Social Services	-	773,000	773,000	
Contribution to Housing from Community Endeavours Program	-	306,603	(87,207)	
Contribution to Special Projects from Community Endeavours Program	-	(306,603)	(95,000)	
		-	-	-
Deficit		(228,125)	(1,676,419)	(485,427)
Accumulated surplus, beginning of year		-	49,262,185	49,747,612
Accumulated surplus, end of year		(228,125)	47,585,766	49,262,185

The accompanying notes are an integral part of these financial statements

Chemawawin Cree Nation
Consolidated Statement of Remeasurement Gains and Losses

For the year ended March 31, 2016

	2016	2015
Accumulated remeasurement gains, beginning of year (Note 3)	2,213,543	-
Unrealized gains (losses) attributable to:		
Remeasurement loss, current year	(726,771)	-
Accumulated remeasurement gains, end of year	1,486,772	-

The accompanying notes are an integral part of these financial statements

Chemawawin Cree Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2016

	2016 Budget	2016	2015
Annual deficit	-	(1,676,419)	(485,427)
Purchases of tangible capital assets	-	(3,720,682)	(1,170,365)
Amortization of tangible capital assets	1,296,000	2,218,142	2,185,724
Loss on sale of tangible capital assets	-	304,515	8,495
Proceeds of disposal of tangible capital assets	-	14,701	11,300
Acquisition of other assets	-	-	(168,400)
Loss on write-down of tangible capital assets	-	23,813	-
Use of prepaid expenses	-	57,063	9,503
Accumulated remeasurement gains, beginning of year (Note 3)	-	2,213,544	-
Change in remeasurement gains (losses) for the year	-	(726,771)	-
Increase (decrease) in net financial assets	1,296,000	(1,292,094)	390,830
Net financial assets, beginning of year	-	3,356,837	2,966,007
Net financial assets, end of year	1,296,000	2,064,743	3,356,837

The accompanying notes are an integral part of these financial statements

Chemawawin Cree Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities:		
Operating activities		
Deficit	(1,676,419)	(485,427)
Non-cash items		
Amortization	2,218,142	2,185,724
Loss on disposal of capital assets	304,515	8,495
Earnings from investment in Nation partners	(9,163)	(26,608)
Loss on write-down of tangible capital assets	23,813	-
Changes in working capital accounts		
Accounts receivable	(314,315)	313,986
Prepaid expenses	57,063	9,503
Accounts payable and accruals	(254,156)	(32,473)
Deferred revenue	(87,993)	140,196
Inventory for resale	29,429	(36,026)
Funds held in trust	26,421	(50,000)
	317,337	2,027,370
Financing activities		
Advances of long-term debt	3,705,117	586,917
Repayment of long-term debt	(924,912)	(893,179)
	2,780,205	(306,262)
Capital activities		
Purchases of tangible capital assets	(3,720,682)	(1,170,365)
Proceeds of disposal of tangible capital assets	14,701	11,300
Acquisition of other assets	-	(168,300)
	(3,705,981)	(1,327,365)
Investing activities		
Increase in investments	(172,532)	(418,930)
Distribution from Aseneskak Casino Limited Partnership	43,285	130,554
	(129,247)	(288,376)
Increase (decrease) in cash resources	(737,686)	105,367
Cash resources, beginning of year	4,395,633	4,290,266
Cash resources, end of year	3,657,947	4,395,633
Cash resources are composed of:		
Cash and cash equivalents total	3,136,229	4,131,958
Restricted cash	521,718	263,675
	3,657,947	4,395,633

The accompanying notes are an integral part of these financial statements

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

1. Operations

The Chemawawin Cree Nation (the "First Nation") is located in the province of Manitoba, and provides various services to its members. Chemawawin Cree Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities and partnerships.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Chemawawin Cree Nation
- Chemawawin Cree Nation Development Trust Fund
- Chemawawin Resource Trust
- Chemawawin Gaming Commission
- Chemawawin Educational Authority
- CCN School Inc.
- Chemawawin Housing Authority
- 3034151 Manitoba Ltd. o/a Chemawawin Service Centre
- Chemawawin Development Corporation
- Chemawawin Health Authority
- Chemawawin Economic Development Inc. o/a Cedar Lake Community Project
- CCN Construction
- Chemawawin Otineka Business Corporation o/a Atawekamik (75% ownership interest)
- 4216083 Manitoba Ltd.
- CCN Communications

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.

Investments in First Nation partnerships are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation'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:

- Aseneskak Casino Limited Partnership
- Aseneskak Company Inc.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

The First Nation has classified the following financial assets in the amortized cost category: cash, restricted cash, accounts receivable and funds held in trust. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Cash, restricted cash, accounts receivable and funds held in trust are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal payments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability.

The First Nation has classified the following liabilities in the amortized cost category: accounts payable and accruals and long-term debt. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Accounts payable and long-term debt are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to their net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year.

The First Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

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

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee/customer/member has experienced continued losses for a period of years, recent collection experience for the receivable, etc. in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Fair value measurements

The First Nation has classified investments in the fair value category. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

2. Significant accounting policies *(Continued from previous page)*

Investments are subsequently measured at their fair value. Investments in equity instruments that do not have quoted market prices in an active market are measured at fair value using alternative means of estimation. Gains and losses arising from changes in fair value, except for impairment losses and foreign exchange translation adjustments, are recognized in the statement of remeasurement gains and losses as a remeasurement gain or loss, until the financial asset is sold or otherwise derecognized. Upon derecognition, the cumulative gain or loss previously recognized in the statement of remeasurement gains or losses is transferred to the consolidated statement of operation.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Restricted financial assets

Restricted financial assets consist of cash held by the Chemawawin Development Trust and the Chemawawin Resource Trust. These monies can only be used for permitted uses, as defined by the trust agreements. See notes 15 and 16.

Inventory

Inventory of supplies and goods available for resale are recorded at the lower of cost and net realizable value. Cost is determined by the weighted average method. Cost of inventories of items that are segregated for specific projects is assigned by using specific identification of their individual costs. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives (amortization is recorded at one-half the normal rate in the year of acquisition):

	Method	Rate
Buildings	declining balance	4% - 10%
Infrastructure	declining balance	4%
Data communications equipment	declining balance	10%
Boats	declining balance	15%
Furniture, fixtures and equipment	declining balance	20%
Automotive	declining balance	30%
Computer hardware	declining balance	30% - 100%

Long-term debt

Long-term financing received to fund tangible capital asset purchases is recognized in the period the financing is acquired and recorded as an increase in long-term debt.

Repayments of long-term financing are recognized as a decrease in long-term debt.

2. Significant accounting policies *(Continued from previous page)*

Funds held in Trust

Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated operating surplus. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Other Funds Held in Trust

Funds held in trust on behalf of the First Nation by Deeley Fabbri Sellen Law Corporation are reported on the statement of financial position. These monies relate to funds being held in escrow for future payment to a vendor.

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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, other assets and prepaid expenses.

Long-lived assets and discontinued operations

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Revenue recognition

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Rental and other revenue

Other revenues are earned from other services provided by the First Nation and are recognized at their fair value when the service has been provided.

Retail sales are recognized when the sale is made and the customer takes possession of the merchandise.

Rent is recorded in the year it is earned. At the end of each year, management evaluates the extent of the collectability of its rent revenue and records a bad debt expense and an allowance for doubtful accounts designated as unlikely to be collected.

2. Significant accounting policies *(Continued from previous page)*

Gaming revenue

The First Nation recognizes Video Lottery Terminals (VLT) revenue as the net win from gaming activities (the difference between gaming wins and gaming losses), consisting of slot machines, on a daily basis. Gaming revenue is gross of commissions paid to Manitoba Liquor and Lotteries which management believes is the most appropriate presentation of gaming revenue on the financial statements.

Insurance proceeds

Due to the inability to reasonably ascertain the proceeds ultimately receivable related to housing units damaged/destroyed, these proceeds are recognized only when the amounts have been confirmed through the actual receipts of funds.

Provision for site rehabilitation

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive landfill sites, as well as other contaminated sites such as under-ground fuel tanks, sewage lagoons and burnt homes. Under environmental law, there is a requirement for closure and post-closure care of contaminated sites. For landfills, a liability is recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure care is recognized as the site capacity is used and is equal to a proportion of the estimated total expenditure required for closure and post-closure care. The estimated total expenditure represents the sum of discounted future cash flows associated with closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future revenue generation, are expensed in the current year.

No liability has been recorded as of March 31, 2016 as funding from government agencies will offset any costs associated with the closure of landfill sites or the remediation of other contaminated sites.

Employee future benefits

The First Nation's employee future benefit programs consist of defined contribution pension plans. The First Nation's contributions to the defined contribution plans are expensed as incurred.

Segments

The First Nation conducts its business through 13 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

- *Band government and administration* - activities include the governance function relating to decisions that define expectations, grant power or verify performance consisting of decision-making and leadership processes.
- *Post Secondary, CCN School Inc.* - education service activities include overseeing many aspects of educational opportunities for its members at all levels of learning, operations and maintenance of all school facilities and the provision of transportation services for the students.
- *Chemawawin Housing Authority* - activities include the development and maintenance of the community's CMHC-financed buildings and houses.
- *Chemawawin Health Authority* - activities include the delivery of community-based health promotion and disease prevention programs, primary home and community care services, programs to control communicable diseases and address environmental issues and non-insured health benefits.
- *Chemawawin Economic Development Inc.* - activities include the maintenance of the Cedar Lake Shoreline and surrounding area.
- *Chemawawin Otineka Business Corporation, Chemawawin Service Centre* - retail operation activities include providing retail services within the community for fuel, and tobacco and grocery products.
- *Land Management, CCN Communications, 4216083 MB Ltd., Economic Development* - property and development benefits include greater use of land resources under the control of the community, better access to opportunities from land and resources beyond the control of the community, more and larger businesses and business opportunities within the community and a better economic environment.

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

2. Significant accounting policies *(Continued from previous page)*

- *Chemawawin Development Trust, Chemawawin Resource Trust* - trust operation activities include the management of funds in accordance with the terms of the Trust agreements the First Nation has in place.
- *Chemawawin Gaming Commission* - activities include providing a form of gaming entertainment for community members which generates revenue for discretionary needs of the community members.
- *Social services* - activities include satisfying the economic, social and health related needs of members for the community who require assistance.
- *Employment and daycare* - activities include the delivery of both employment and child care services to assist community members to have the opportunity to find and maintain meaningful employment.
- *Public works* - activities include the development and maintenance of the community's infrastructure, roads, bridges and related equipment and the provision of other more specialized community services.
- *Other operations* - discretionary funds that are received from various sources and other projects that may be entered into from year to year.

These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 2 the *Significant accounting policies*.

Measurement uncertainty

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 expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Payables to funding agencies are based on anticipated repayment requirements; however actual repayments will be determined upon the funding agencies review of financial statements. These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the operations in the periods in which they become known.

3. Change in accounting policies

Financial instruments

Effective April 1, 2015, the First Nation adopted the Public Sector Accounting Board's (PSAB) new recommendations for the recognition, measurement, and presentation and disclosure of financial assets, financial liabilities and derivatives under Section PS 3450 *Financial Instruments*. The new Section is applied prospectively, and prior periods have not been restated.

As described in Accounting Policies, Note 2, the First Nation recognizes investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Previously, equity instruments quoted in an active market were recorded at cost with the fair value disclosed in the notes to the financial statements. The effect in the current year, of adopting this change in accounting policy is to increase investments at March 31, 2016 by \$1,486,772, and increase opening accumulated remeasurement gains at April 1, 2015 by \$2,213,543.

As described in Accounting Policies, Note 2, the First Nation recognizes the following financial liabilities at amortized cost: accounts payable and accruals and long-term debt. There was no impact of this change on the financial statements of the First Nation.

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

3. Change in accounting policies *(Continued from previous page)*

Inter-entity transactions

Effective April 1, 2015, the First Nation adopted PSAB's new recommendations for the accounting and reporting of transactions between entities that comprise the government reporting entity under Section PS 3420 *Inter-entity Transactions*. The new section has been applied retrospectively and prior periods have been restated.

As described in Accounting Policies, Note 2, the First Nation reports all revenues and expenses on a gross basis where costs have been allocated and/or recovered from other entities within the government reporting entity. Previously, these amounts were eliminated in the consolidated financial statements. The effect on the prior year of adopting this change in accounting policy is to increase revenues and expenses by \$2,196,487. There was no impact of this change on the annual deficit or accumulated surplus at March 31, 2015.

4. Cash and cash equivalents

	2016	2015
Chemawawin Cree Nation (general fund)	1,888,172	3,429,349
Chemawawin Gaming Commission	49,290	52,041
CCN School Inc.	156,115	56,408
Chemawawin Housing Authority	265,294	70,982
Chemawawin Health Authority	317,081	174,842
Chemawawin Economic Development Inc.	47,695	11,909
Chemawawin Otineka Business Corporation	200,474	75,847
4216083 Manitoba Ltd.	191,674	192,318
Other	20,434	68,262
	3,136,229	4,131,958

5. Restricted Cash

	2016	2015
Chemawawin Development Trust	503,310	254,027
Chemawawin Resource Trust	18,408	9,648
	521,718	263,675

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

6. Accounts receivable

	2016	2015
Indigenous and Northern Affairs Canada	157,413	103,109
Frontier School Division	-	4,022
CMHC	1,770,786	1,240,889
First Peoples Development Inc.	21,362	-
Trade Accounts Receivable	667,880	702,903
Members	944,080	921,636
Receiver General of Canada	7,483	64,055
Province of Manitoba	78,127	79,105
Northern Regional Health Authority	20,839	57,307
Accrued Receivables and Other	4,072	4,040
	3,672,042	3,177,066
Less: Allowance for doubtful accounts	941,410	760,749
	2,730,632	2,416,317

Accounts receivable from Indigenous and Northern Affairs Canada pertained to the following programs:

Economic Development	1,488
Education Facilities O&M	50,313
Other - Capital	81,964
Other - Facilities O&M	23,648
	<u>157,413</u>

7. Investments

	2016 <i>At Fair Market Value</i>	2015 <i>At Cost</i>
Fixed income investments	4,081,638	4,480,461
Equities	5,374,218	3,752,619
Mutual funds	1,811,552	1,375,026
Guaranteed investment certificate	440,000	440,000
	11,707,408	10,048,106

The market value of the mutual funds and equities and fixed income investments at March 31, 2015 were \$7,156,601 and \$4,665,045 respectively. Total market value of all the investments listed above at March 31, 2015 was \$12,261,646.

The cost of the mutual funds, equities, and fixed income investments at March 31, 2016 totalled \$9,780,749.

The guaranteed investment certificate bears interest at 2.7% annually for a five year term, maturing November 2019.

The fixed income investments include provincial government and corporate bonds, which have various interest rates and maturity dates, ranging from 1.85% to 4.85% and December 2018 to June 2016, respectively.

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

8. Investments in First Nation partnerships

The First Nation has investments in the following partnerships:

				2016
	Investment cost	Cumulative share of earnings (loss)	Cumulative dividends paid	Total investment
First Nation Business Partnerships – Modified Equity:				
Aseneskak Casino Limited Partnership - 16.67%	385,000	1,793,934	(1,339,671)	839,263
Aseneskak Company Inc. - 16.67%	101	-	-	101
	385,101	1,793,934	(1,339,671)	839,364

Aseneskak Casino Limited Partnership - the First Nation owns one unit which represents a 16.67% ownership interest. The partnership was established in 2000 with the purpose of developing a First Nation Casino on the Opaskwayak Cree Nation Reserve, in Manitoba, licensed by the Manitoba Gaming Control Commission.

Aseneskak Company Inc. - the First Nation owns 1,000 common shares which represents a 16.67% ownership interest. The corporation was organized on January 5, 2001, for the sole undertaking of acting as the general partner of the Aseneskak Casino Limited Partnership.

9. Funds held in trust

	2016	2015
Ottawa Trust - Capital		
Balance	-	-
Ottawa Trust - Revenue		
Balance	14	14
Other funds held in trust		
Balance, beginning of year	50,000	-
Payments made (funds held in escrow)	3,382,229	50,000
Funds disbursed to vendor	(3,408,650)	-
Balance, end of year	23,579	50,000
	23,593	50,014

Ottawa trust fund

The Ottawa trust fund arises from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by sections 63 and 69 of the Indian Act. Revenue from the Ottawa Trust fund is recognized in the year in which it is earned when it is measurable and when collection is reasonably assured. Capital and Revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Chief and Council.

Capital Trust	\$0 (2015 - \$0); Interest revenue \$0 (2015 - \$0)
Revenue Trust	\$14 (2015 - \$14); Interest revenue \$0 (2015 - \$0)

Other funds held in trust

Other funds held in trust relate to funds being held by Deeley Fabbri Sellen Law Corporation in escrow for future payment to a vendor.

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

10. Accounts payable and accruals

	2016	2015
Accounts payable	2,187,872	2,451,518
Interest payable	18,741	26,428
Payroll liabilities	406,252	384,361
Receiver General	84,150	83,973
Staff Savings	3,140	10,740
Band Members in Trust	83,517	84,342
First Nation Financial Services (note 17)	36,670	36,670
Indigenous and Northern Affairs Canada	14,839	27,427
Accrued liabilities	17,475	23,613
Health Canada	47,318	25,059
	2,899,974	3,154,131

Indigenous and Northern Affairs Canada accounts payable consists of the following:

Enhanced teacher salaries	2,340
School effectiveness / parental engagement	<u>12,499</u>
	14,839

11. Deferred revenue

	<i>Balance, beginning of year</i>	<i>Funding received 2016</i>	<i>Revenue recognized 2016</i>	<i>Balance, end of year</i>
Health Canada - Community health promotion	35,197	-	35,197	-
Health Canada - Tobacco strategy	79,369	-	79,369	-
First Peoples' Development Inc.	107,879	159,452	107,879	159,452
New Horizons for Seniors Program	25,000	-	25,000	-
UCN - Classroom Project	29,469	-	-	29,469
Other	4,887	4,887	4,887	4,887
	281,801	164,339	252,332	193,808

12. Long-term debt

	2016	2015
Manitoba Lotteries Corporation - loan repayable in weekly installments of \$740 with interest at 2.35% included therein, due March 2020:	183,994	217,719
Canada Mortgage and Housing Corporation - (10 units - 2001) mortgage repayable in monthly installments of \$4,287 with interest at 1.8% included therein, due August 1, 2026, with renewal date of October 1, 2016, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	488,456	530,705
Canada Mortgage and Housing Corporation - (10 unit - 2003) mortgage repayable in monthly installments of \$4,515 with interest at 2.04% included therein, due April 1, 2028, with renewal date of March 1, 2019, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	580,068	621,968
Canada Mortgage and Housing Corporation - (9 units - 2004) mortgage repayable in monthly installments of \$4,007 with interest at 1.83% included therein, due November 1, 2029, with a renewal date of December 1, 2019, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	581,212	618,300

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

12. Long-term debt *(Continued from previous page)*

	2016	2015
Canada Mortgage and Housing Corporation - (9 units - 2005) mortgage repayable in monthly installments of \$4,147 with interest at 1.01% included therein, due February 1, 2031, with a renewal date of February 1, 2021, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	688,983	726,278
Canada Mortgage and Housing Corporation - (5 units - 2007) mortgage repayable in monthly installments of \$2,745 with interest at 1.53% included therein, due November 1, 2032, with a renewal date of December 1, 2017, secured by Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	484,541	509,865
Canada Mortgage and Housing Corporation - (68 units - 2008) mortgage repayable in monthly installments of \$22,376 with interest at 2.04% included therein, due May 1, 2033, with a renewal date of March 1, 2019, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	3,888,956	4,076,201
Canada Mortgage and Housing Corporation - (8 units) mortgage repayable in monthly installments of \$2,727 with interest at 2.63% included therein, due June 1, 2036, with a renewal date of June 1, 2016, secured by Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	501,109	520,416
Canada Mortgage and Housing Corporation - (31 units) mortgage repayable in monthly installments of \$10,566 with interest at 2.63% included therein, due June 1, 2036, with a renewal date of June 1, 2016, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	1,945,549	2,020,267
Ford Credit Canada Limited - loan repayable in monthly installments of \$956 with interest at 6.39% included therein, due September 2017, secured by 2012 Ford Econoline van:	16,362	26,434
Royal Bank of Canada - loan repayable in monthly installments of \$33,334 plus interest at prime plus 1.95%, with a scheduled repayment date of March 2026, due for re-newal March 2017, secured by a band council resolution redirecting Manitoba Hydro and INAC capital funding to the financial institution:	4,000,000	418,617
Royal Bank of Canada - loan repayable in monthly installments of \$3,623 with interest at 3.45% included therein, scheduled repayment date of July 2018, due on demand:	97,387	-
Peace Hills Trust - (10 units) loan repayable in monthly installments of \$5,819 with interest at 4.75% included therein, secured by a Ministerial Guarantee and fire insurance:	-	62,262
Peace Hills Trust - (14 units) loan repayable in monthly installments of \$8,958 with interest at 4.69% included therein, due November 1, 2016, secured by a Ministerial Guarantee and fire insurance:	69,256	169,330
Peace Hills Trust - (10 units - 1997) loan repayable in monthly installments of \$4,900 with interest at 3.25% included therein, due December 1, 2016, secured by a Ministerial Guarantee and fire insurance:	43,095	99,030
Canada Mortgage and Housing Corporation - (12 units) mortgage repayable in monthly installments of \$6,134 with interest at 1.53% included therein, due December 1, 2017, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	127,023	198,096

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

12. Long-term debt *(Continued from previous page)*

	2016	2015
Canada Mortgage and Housing Corporation - (triplex) mortgage repayable in monthly installments of \$1,630 with interest at 1.53% included therein, due October 1, 2017, secured by Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	30,574	49,507
Canada Mortgage and Housing Corporation - (8 units) mortgage repayable in monthly installments of \$2,042 with interest at 2.23% included therein, due May 1, 2019, with a renewal date of May 1, 2016, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	74,861	97,423
Canada Mortgage and Housing Corporation - (10 units - 1994) mortgage repayable in monthly installments of \$3,107 with interest at 1.53% included therein, due November 1, 2019, with a renewal date of December 1, 2017, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	132,856	167,814
Canada Mortgage and Housing Corporation - (10 trailers) mortgage repayable in monthly installments of \$2,666 with interest at 1.47% included therein, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	-	23,845
	13,934,282	11,154,077

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows (debt with no fixed repayment terms have been included in principal repayments for 2017):

	Principal
2017	1,227,884
2018	1,098,153
2019	1,010,381
2020	975,030
2021	957,433
Total	5,268,881

During the year, interest paid was \$327,445 (2015 - \$316,781).

13. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

The buildings asset class includes buildings under construction with a carrying value of \$361,493 (2015 - \$NIL). The buildings under construction relate to the Church Youth Centre and two steel-structured shops for public works. These projects are estimated to be completed within the next fiscal year. No amortization of these assets has been recorded during the year because they are currently under construction.

Aside from those assets under construction, additional assets not-in-use totalled \$119,646 (2015 - \$119,646). The entire amount related to the Chemawawin Service Centre as this entity ceased operations in June 2011.

During the year, equipment (including furniture, automotive, and other equipment) was written down from its net book value of \$23,813 to its estimated fair value of \$NIL. The resulting loss of \$23,813 has been recorded in the statement of operations and accumulated surplus as a loss on write-down of tangible capital assets.

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

14. Other

	2016	2015
VLT administration fee	190,740	216,920
MTS strategic alliance agreement	177,681	187,032
	368,421	403,952

Other assets consists of the unamortized portion of Chemawawin Gaming Commission's VLT administration fee and the unamortized portion of the original cost of a strategic alliance cellular phone service agreement with MTS acquired during the 2006/07 fiscal year.

Included in amortization expense is \$35,531 (2015 - \$36,901) related to the amortization of other assets.

15. Chemawawin Development Trust Fund

The Chemawawin Cree Nation Development Trust Fund was settled on December 20, 1990 with a payment of \$10,265,922 from the Manitoba Hydro-Electric Board in partial settlement of certain damages suffered by the Chemawawin Cree Nation (Cree Nation). The purpose of the Trust is to support the future development of the Cree Nation and Cree Nation Members, including its fishermen, trappers, hunters and other community-resource users.

Equity of the Trust is separated into two distinct funds as set out in the terms of the Trust Agreement.

Capital Fund

The Capital Fund includes the original settlement amount and any transfers from the Income Fund less encroachments on capital. Encroachments on capital are limited to 5% of the net value of the Trust at the beginning of the year. The Capital Fund can never be reduced below the original settlement amount. At March 31, 2016 the net market value of the trust fund is \$12,304,312 (2015 - \$12,675,234).

Income Fund

The Income Fund accumulates the income generated by the Trust less administrative expenses and any distributions to fixed income beneficiaries or eligible income beneficiaries. Fixed income beneficiaries include Senior Elders of the Cree Nation who are paid \$125 per month. Chemawawin Cree Nation is the eligible income beneficiary.

Income distributions requested by the Cree Nation Trustees are recorded in the accounts of the Trust upon confirmation that the distribution satisfies all of the terms of the Trust Agreement. Any balance in the Income Fund which has not been allocated or paid within six months after the Trust year end shall be transferred to the Capital Fund.

Of the First Nation's investments, \$11,267,408 (at fair value) (2015 - \$9,608,106 at cost) relate to investments held in the Chemawawin Development Trust.

16. Chemawawin Resource Trust

In accordance with the 2002 Comprehensive Forebay Agreement signed by Chemawawin Cree Nation, the Province of Manitoba and Manitoba Hydro, \$400,000 was received by the First Nation to establish the Chemawawin Resource Trust. The investment income generated from these monies is to be utilized to support the future participation costs of Chemawawin representatives on the Cedar Lake Resource Management Board.

In December 2005, the First Nation redeemed the investments of this Trust. These funds totalling \$401,729 were deposited to the accounts of the First Nation and supported by a Band Council Resolution whereby the First Nation borrowed these funds for general use from the Trust and paid interest to the Trust at a rate of 10% per annum. A written legal opinion was not obtained by the First Nation to determine if the redemption of these Trust investments contravened certain aspects of the agreement originally signed.

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

16. Chemawawin Resource Trust *(Continued from previous page)*

In the 2013 fiscal year, the First Nation repaid \$400,000 of the principal amount that was borrowed in 2005. During the 2014 fiscal year, \$219,444 of accrued interest owing by the First Nation on this principal amount was written-off. The First Nation repaid the remaining balance of \$20,000.

Of the First Nation's investments, \$440,000 (2015 - \$440,000) relate to investments held in the Chemawawin Resource Trust.

17. Non-controlling interest

In 2009, Chemawawin Cree Nation entered into an agreement with First Nations Financial Services Inc. (FNFS), whereby FNFS received a 25% equity interest in Chemawawin Otineka Business Corporation o/a Atawekamik ("the corporation"), in exchange for full and complete satisfaction of the First Nation's indebtedness to FNFS. This agreement also stipulates that the corporation must pay 25% of any net income earned during the corporation's fiscal year to FNFS; however, any net losses are to be fully absorbed by Chemawawin Cree Nation. Related to this agreement, an amount payable of \$36,670 (2015 - \$36,670) is included in the accounts payable balance at March 31, 2016.

18. Pension benefits

The CCN School Inc. has a defined contribution pension plan for employees whereby the employees' contributions to the plan are matched by the First Nation up to a maximum of 2.5% of gross earnings. The pension plan is administered and managed by Great West Life.

The expense recognized in the consolidated statement of operations and accumulated surplus with respect to employer contributions to this plan was \$56,795 (2015 - \$47,996). There were no significant changes to the pension plan in 2016.

Separate bank account(s) for pension deductions (including employer's share) were not maintained by CCN School Inc. As at March 31, 2016, CCN School Inc. had outstanding pension benefits pertaining to deductions of \$10,778 (2015 - \$17,239).

19. Unfunded reserves

CMHC Reserves

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the Nation established the following:

A replacement reserve, established by an annual allocation of \$207,575 (2015 - \$210,000), to ensure replacement of buildings financed by CMHC. At March 31, 2016, the entire amount of \$874,774 (2015 - \$1,457,134) is unfunded.

A subsidy surplus reserve can be established by retaining excess federal assistance payments received. Reserve funds may be used to meet future subsidy requirements of income test occupants, over and above the maximum federal assistance.

In accordance with terms of the agreements, CMHC reserve monies must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

At March 31, 2016, no reserve bank balance was maintained for the subsidy surplus reserve.

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

20. Government transfers

During the year, the First Nation recognized the following government transfers:

	2016	2015
Indigenous and Northern Affairs Canada - operating	10,260,058	10,136,273
Indigenous and Northern Affairs Canada - capital	748,903	734,003
Health Canada - operating	1,935,064	1,691,250
Health Canada - capital	110,468	82,000
Canada Mortgage and Housing Corporation - operating	755,941	753,563
Human Resources and Skills Development Canada - operating	426,659	426,659
Province of Manitoba - operating	229,404	175,604
Province of Manitoba - capital	439,090	-
	14,905,587	13,999,352

21. Commitments and contingencies

A portion of the balance included as surpluses (deficits) is from funds contributed by government agencies. Such surpluses (deficits) may be subject to repayment or recovery by the contribution agencies, depending on the terms and conditions of the relevant agreements. Where not otherwise ascertainable, any such repayments or recovery will be recorded in the fiscal period in which such determination is made.

Pursuant to a motion adopted by Chief and Council on November 16, 1998, and amended February 16, 1999, retroactive to 1994, severance packages equivalent to two months of salary for every year of service to a maximum of twelve months are to awarded to the Chief and Council members who are removed from their respective position by election or otherwise.

The Resource Trust engaged Peace Hills Trust Company to act as the corporate trustee in exchange or annual fees of \$1,000.

The Manitoba Health and Post Secondary Education Tax Levy, also known as payroll tax, is a tax imposed on remuneration in excess of \$1.25 million that is paid to employees. CCN School Inc. has payroll exceeding this amount and therefore could be subject to this tax which approximates \$66,693 for the 2015 calendar year (2014 - \$64,401). This issue has also been noted in prior years and therefore the potential cumulative liability would be significant to the First Nation.

Effective September 1, 2010, the First Nation signed a services agreement with ICON Management Services (ICON). Under this agreement, the First Nation is obligated to pay ICON \$11,500 per month until August 31, 2016. The agreement also includes provisions for additional fees related to project management, band financing and negotiation services.

Effective November 5, 2010, a service agreement proposal was jointly agreed upon between Vista Building Products Inc. (Vista) and the First Nation. This agreement stipulated a project management fee of 10% of a project's gross cost and 40% of the gross margin of the project as being payable to Vista. The agreement was for a five year term which expired on September 30, 2015. This agreement has not been renewed at the time of financial statement preparation.

The Chemawawin Development Trust has a signed service agreement in place with Beutel, Goodman and Company Ltd. to manage its investment portfolio. Under this agreement, the Trust is obligated to pay fees based on a percentage of investments being managed, at a minimum of \$30,000 per year.

In exchange for administrative services, Peace Hills Trust Company, charges the Development Trust a management fee equal to approximately 0.40% of the value of the assets held by the Trust. This equated to approximately \$49,000 for the twelve month period ending March 31, 2016 (2015 - \$40,000).

The First Nation has a funding agreement with Manitoba Hydro under the Community Endeavours Program (CEP). Under this program, all funds (which includes previous CEP surpluses reported) are to be expended on CEP related activities prior to the expiration of the agreement on April, 2060. The First Nation has reporting obligations to Manitoba Hydro in this regard.

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

21. Commitments and contingencies *(Continued from previous page)*

Previously, the First Nation received forgivable loans totaling \$86,565 from CMHC's Residential Rehabilitation Assistance Program (RRAP) which were included in income. Provided the First Nation continues to own and occupy the subject houses until March 1, 2017, the principal amount plus interest at 5.5% will be forgiven. If the homes are not occupied by eligible band members for the required five year period, the unearned portion of the loans plus interest will become due and payable.

A claim has been filed against Chemawawin Cree Nation by the Tribal Council's Investment Group (TCIG) in the aggregate amount of \$787,373. At March 31, 2016, there was a total of \$558,600 included in accounts payable related to these claims and a counter-claim is being pursued by the First Nation in the amount of \$842,310. The Defence and Counterclaim were filed and served on or about September 15, 2015, and no further action has been taken by TCIG since that time.

Effective March 1, 2014, the First Nation signed a services agreement with Rose Neufeld and Associates ("Neufeld"). Under this agreement, the First Nation is obligated to pay Neufeld the sum of \$10,000 per month, plus GST and any other applicable taxes, for consulting services at the Chemawawin Health Authority. This contract was renewed effective March 1, 2015 and expired February 28, 2016. At the time of financial statement preparation, the renewal of this contract was still under negotiation.

Subsequent to March 31, 2016, the First Nation signed a services agreement with Collaborative & Creative Management Solutions Inc. ("CCMS") for the provision of management development services. Under this agreement, the First Nation is obligated to pay CCMS the sum of \$10,000 per month, plus GST and any other applicable taxes. This contract commenced July 31, 2016 and expires December 31, 2016.

The First Nation reduced its level of insurance coverage to cover only CMHC homes. As such, the First Nation is uninsured with respect to its other buildings and homes, equipment, other assets, etc.

The First Nation has a receivable due from CMHC in the amount \$1,469,296 related to subsidy. A significant portion of the subsidy receivable was received subsequent to year-end; however, the final balance to be received is still in negotiations at the time of financial statement preparation.

22. Related party transactions

During the year, the First Nation made purchases from Shot Gunn Truck Repair Ltd., a corporation owned by one of the First Nation's councillors. Further, the First Nation made purchases from K & B Supplies, a local convenience store and diesel supplier, in which one of the First Nation's councillors is a partner.

At March 31, 2016, the First Nation has recorded trade accounts payable to Shot Gunn Truck Repair Ltd. and K & B Supplies.

The above noted transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

23. Budget information

Canadian public sector accounting standards require the disclosure of budget information for comparison to the First Nation's actual revenues and expenses. The First Nation's Community Endeavours Program budgeted revenue and expenses and deficit have not been reported in these financial statements.

24. Economic dependence

Chemawawin Cree Nation receives substantially all of its revenue from Indigenous and Northern Affairs Canada (INAC) as a result of Treaties entered into with the Government of Canada. These treaties are administered by INAC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

Chemawawin Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

25. Fundraising accounts

Members of the First Nation maintain separate bank accounts for certain fundraising activities that are undertaken (e.g. school fundraisers, etc.). In some instances, these bank accounts contain the First Nation's name. However, management maintains that these accounts are not controlled by the First Nation, and instead are controlled by the staff, students, etc. that are directly undertaking the fundraising activity. Therefore, these accounts have been excluded from these financial statements.

26. Financial instruments

The First Nation, as part of its operations, carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit risk

The First Nation believes that it is not exposed to significant credit risk from its accounts receivable. Accounts receivable balances from the following funding sources at March 31, 2016 (56% of total accounts receivable; 2015 - 49%) are deemed to have minimal risk associated with collection pursuant to the terms of the related funding agreements:

Indigenous and Northern Affairs Canada	\$ 157,413 (2015 - 103,109)
Canada Mortgage and Housing Corporation	1,770,786 (2015 - 1,240,889)
Province of Manitoba	78,127 (2015 - 79,101)
First Peoples' Development Inc.	21,362 (2015 - Nil)
Receiver General of Canada	7,483 (2015 - 64,055)
Northern Regional Health Authority	20,839 (2015 - 57,307)

Liquidity risk

The First Nation manages its liquidity risks by maintaining adequate cash and credit facilities and by updating and reviewing cash flow projections on a regular basis.

Price risk

Foreign currency risk

The First Nation's functional currency is the Canadian dollar and virtually all purchases and revenue receipts are transacted in Canadian dollars. Management believes that foreign exchange risk from currency conversions is negligible.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument may be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities. If the interest rate increases by 0.25%, interest charges would increase by \$34,836.

Fair value

The following illustrates the classification of the First Nation's instruments that are classified in the fair value category as at March 31, 2016:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

The fair value hierarchy has remained consistent throughout the year.

The First Nation has classified investments in the fair value category as a level 1 financial asset with a fair value of \$11,707,408 as at March 31, 2016.

27. Corresponding figures

Prior year's corresponding figures have been reclassified where necessary to conform to the current year's presentation.

Chemawawin Cree Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	Data Communications Equipment	Furniture, Fixtures and Equipment	Automotive Equipment	Infrastructure	Boats	Computer Hardware	Subtotal
Cost							
Balance, beginning of year	397,050	2,047,565	5,511,185	11,019,512	139,245	94,013	19,208,570
Acquisition of tangible capital assets	-	57,031	216,494	2,985,345	69,000	13,074	3,340,944
Construction-in-progress	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	(3,000)	(205,666)	-	(15,000)	-	(223,666)
Write down of tangible capital assets	-	(399,011)	(54,095)	-	-	(2,180)	(455,286)
Balance, end of year	397,050	1,702,585	5,467,918	14,004,857	193,245	104,907	21,870,562
Accumulated amortization							
Balance, beginning of year	122,074	1,643,023	4,730,855	4,714,133	52,561	73,678	11,336,324
Annual amortization	27,498	78,771	253,903	311,922	17,053	10,605	699,752
Accumulated amortization on disposals	-	(3,000)	(168,792)	-	(15,000)	-	(186,792)
Write down of tangible capital assets	-	(377,808)	(51,485)	-	-	(2,180)	(431,473)
Balance, end of year	149,572	1,340,986	4,764,481	5,026,055	54,614	82,103	11,417,811
Net book value of tangible capital assets	247,478	361,599	703,437	8,978,802	138,631	22,804	10,452,751
Net book value of tangible capital assets - 2015	274,976	404,542	780,330	6,305,379	86,684	20,335	7,872,246

Chemawawin Cree Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	Subtotal	Buildings	2016	2015
Cost				
Balance, beginning of year	19,208,570	56,616,299	75,824,869	74,918,027
Acquisition of tangible capital assets	3,340,944	18,245	3,359,189	1,170,365
Construction-in-progress	-	361,493	361,493	-
Disposal of tangible capital assets	(223,666)	(400,045)	(623,711)	(263,523)
Write down of tangible capital assets	(455,286)	-	(455,286)	-
Balance, end of year	21,870,562	56,595,992	78,466,554	75,824,869
Accumulated amortization				
Balance, beginning of year	11,336,324	19,179,888	30,516,212	28,611,119
Annual amortization	699,752	1,482,860	2,182,612	2,148,823
Accumulated amortization on disposals	(186,792)	(117,703)	(304,495)	(243,730)
Write down of tangible capital assets	(431,473)	-	(431,473)	-
Balance, end of year	11,417,811	20,545,045	31,962,856	30,516,212
Net book value of tangible capital assets	10,452,751	36,050,947	46,503,698	45,308,657
Net book value of tangible capital assets - 2015	7,872,246	37,436,411	45,308,657	

Chemawawin Cree Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2016

	2016	2015
Consolidated expenses by object		
Administration	919,288	934,793
Amortization	2,218,142	2,185,724
Automotive	747,270	668,533
Bad debts	179,049	61,098
Bank charges and interest	63,274	66,193
Board travel, training and honouraria	12,800	12,756
Funeral	34,350	45,083
Community donations	575,577	561,397
Consulting	-	24,811
Community events and enhancement	98,012	174,087
GST and sales tax	-	43,581
Health	366,951	315,984
Honouraria	109,400	101,100
Insurance	144,428	137,142
Interest on long-term debt	365,973	320,591
Management fees	192,752	210,567
Food and beverage	97,813	113,952
Meeting	4,768	3,787
Miscellaneous	50,712	77,790
Office equipment lease	48,231	45,416
Office rent	195,565	178,011
Office supplies and overhead	73,532	69,765
Professional development	62,710	55,980
CMHC subsidy withhold reduced	-	21,740
Professional fees	400,714	509,821
Program expense	1,023,244	994,454
Repairs and maintenance	3,184,250	1,369,311
Salaries and benefits	8,191,740	7,828,592
Social assistance	2,821,559	2,835,977
Supplies	252,902	210,339
Telephone	90,284	87,497
Training	16,922	26,805
Travel	230,931	255,418
User fees	611,966	609,193
Utilities	344,359	344,582
Elders fees	151,875	139,500
Advertising	13,551	9,158
Cost of goods sold	2,405,267	2,322,021
Trust expenses	449,762	419,019
	26,749,923	24,391,568

Chemawawin Cree Nation

Schedule 3 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2016

	AANDC Revenue	Other Revenue	Total Revenue	Total Expenses	Adjustments/ Transfers From (To)	Current Surplus (Deficit)	Prior Year Surplus (Deficit)
CCN School Allocation	4,403,996	-	4,403,996	-	(4,735,735)	(331,739)	4,114
Employment and Daycare	-	391,623	391,623	384,667	-	6,956	31,828
Public Works	1,404,198	1,983,750	3,387,948	5,296,785	323,603	(1,585,234)	(952,902)
Band Government and Administration	625,376	1,071,909	1,697,285	1,888,448	120,088	(70,575)	173,116
Social Services	3,350,305	179	3,350,484	3,915,660	773,000	207,824	172,922
Other Operations	-	346,735	346,735	737,020	73,912	(316,373)	(255,231)
Economic Development	118,958	-	118,958	42,855	-	76,103	60,962
Post Secondary	458,141	-	458,141	436,028	-	22,113	60,795
Land Management	220,504	65,667	286,171	129,375	(306,603)	(149,807)	34,412
Chemawawin Educational Authority	-	208,259	208,259	-	-	208,259	-
Chemawawin Ojibwa Business Corporation	-	2,839,579	2,839,579	2,838,778	-	801	(64,878)
Chemawawin Development Trust	-	804,707	804,707	448,858	-	355,849	317,217
Chemawawin Resource Trust	-	11,747	11,747	2,200	-	9,547	7,328
CCN School Inc.	426,983	277,976	704,959	3,920,675	3,483,446	267,730	(93,310)
Chemawawin Housing Authority	-	1,286,561	1,286,561	2,118,577	285,289	(546,727)	205,873
Chemawawin Service Centre	-	-	-	(641)	-	641	(2,072)
Chemawawin Health Authority	-	2,318,143	2,318,143	2,047,110	(17,000)	254,033	(38,622)
Chemawawin Economic Development Inc.	-	1,649,177	1,649,177	1,610,282	-	38,895	4,905
CCN Communications	-	151,651	151,651	166,865	-	(15,214)	1,362
3293824 MB Inc.	-	(23,813)	(23,813)	-	-	(23,813)	-
4216083 MB Ltd.	-	45,638	45,638	59,929	-	(14,291)	(16,061)
Chemawawin Gaming Commission	-	635,056	635,056	706,452	-	(71,396)	(137,183)
Total	11,008,961	14,064,544	25,073,505	26,749,923	-	(1,676,418)	(485,425)