
MISIPAWISTIK CREE NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

MISIPAWISTIK CREE NATION

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MARCH 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Members
Misipawistik Cree Nation

We have audited the accompanying financial statements of Misipawistik Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2017 and the consolidated statements of operations, change in net debt and cash flows for the year ended March 31, 2017, 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 misstatements, whether due to fraud or error.

Auditors' Responsibility

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

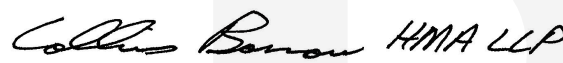
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

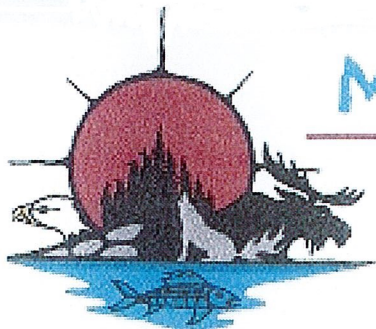
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

The Pas, Manitoba
August 14, 2017


Chartered Professional Accountants



Misipawistik Cree Nation

P.O. Box 500, Grand Rapids, Manitoba R0C 1E0
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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Misipawistik Cree Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimation and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

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

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

Management reviews the Cree Nation's financial statements with Chief and Council and recommends their approval. The 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 annual report, the financial statements and the external auditors' report.

The consolidated financial statements have been audited by Collins Barrow HMA LLP in accordance with Canadian public sector accounting standards on behalf of the members. Collins Barrow HMA LLP have full and free access to Management and Chief and Council.

Chief

Councillor

MISIPAWISTIK CREE NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2017	2016
FINANCIAL ASSETS		
Cash (Note 2)	\$ 1,067,229	\$ 679,213
Trust funds held by federal government (Note 3)	37,283	36,585
Accounts receivable (Note 4)	1,891,576	1,918,580
Long term investments (Note 5)	<u>7,137,496</u>	<u>6,998,866</u>
	<u>\$ 10,133,584</u>	<u>\$ 9,633,244</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 2,754,524	\$ 1,826,489
Deferred revenue (Note 7)	212,823	781,430
Long term debt (Note 8)	<u>21,094,640</u>	<u>21,339,068</u>
	<u>24,061,987</u>	<u>23,946,987</u>
NET FINANCIAL DEBT	<u>(13,928,403)</u>	<u>(14,313,743)</u>
NON - FINANCIAL ASSETS		
Prepaid expenses and deferred charges	894,344	819,968
Inventory	3,089	5,467
Tangible capital assets (Note 9)	<u>36,182,255</u>	<u>35,899,312</u>
	<u>37,079,688</u>	<u>36,724,747</u>
ACCUMULATED SURPLUS	<u>\$ 23,151,285</u>	<u>\$ 22,411,004</u>
CONTINGENCIES (Note 10)		

Approved on behalf of Council

Chief



Councillor



MISIPAWISTIK CREE NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	2017	2016
REVENUE		
Indigenous and Northern Affairs Canada	\$ 3,301,147	\$ 3,256,393
First Nations and Inuit Health	2,344,040	3,128,581
Canada Mortgage and Housing Corporation	613,208	448,195
Manitoba Keewatinowi Okimakanak	445,937	445,754
Manitoba Hydro	1,248,493	1,306,927
Parks Canada		10,000
Province of Manitoba	69,934	1,238,186
Income (loss) from long term investments	1,106,206	(868,489)
Insurance	141,369	
Investment income	194,266	250,965
Other	894,382	651,851
Rent	460,619	397,004
Universities	99,667	
Swampy Cree Tribal Council	275,178	269,243
Tobacco Tax Rebates	418,411	474,936
	<u>11,612,857</u>	<u>11,009,546</u>
EXPENDITURES		
Administration	729,600	801,805
Capital	552,143	1,196,338
Community services	1,733,223	2,325,929
Economic Development	435,991	295,699
Education	1,050,427	1,379,259
Health	1,733,321	1,435,907
Housing	856,895	717,896
Policing	52,528	60,250
Public works	366,472	398,364
Social Services	1,783,573	1,714,690
Amortization	1,578,403	1,383,100
	<u>10,872,576</u>	<u>11,709,237</u>
ANNUAL SURPLUS (DEFICIT)	740,281	(699,691)
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>22,411,004</u>	<u>23,110,695</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 23,151,285</u>	<u>\$ 22,411,004</u>

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
YEAR ENDED MARCH 31

	2 0 1 7	2 0 1 6
Annual surplus (deficit)	\$ <u>740,281</u>	\$ (<u>699,691</u>)
Acquisition of tangible capital assets	(<u>1,861,346</u>)	(<u>8,826,463</u>)
Proceeds on sale of tangible capital assets		3,400
Amortization of tangible capital assets	<u>1,578,403</u>	<u>1,383,100</u>
Loss on disposal of tangible capital assets	<u>-</u>	<u>136,016</u>
	(<u>282,943</u>)	(<u>7,303,947</u>)
Use (acquisition) of inventories	<u>2,378</u>	(<u>1,130</u>)
Use (acquisition) of prepaid expenses and deferred charges	(<u>74,376</u>)	(<u>746,997</u>)
	(<u>71,998</u>)	(<u>748,127</u>)
CHANGE IN NET DEBT FOR YEAR	<u>385,340</u>	(<u>8,751,765</u>)
NET DEBT, <i>beginning of year</i>	(<u>14,313,743</u>)	(<u>5,561,978</u>)
NET DEBT, <i>end of year</i>	\$ (<u>13,928,403</u>)	\$ (<u>14,313,743</u>)

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31

	2 0 1 7	2 0 1 6
CASH FLOW FROM		
<i>OPERATING TRANSACTIONS</i>		
Cash receipts from Indigenous and Northern Affairs Canada	\$ 3,301,147	\$ 3,222,892
Cash received from Manitoba Hydro	1,248,493	1,306,927
Cash received from other sources	6,520,917	6,550,745
Cash paid to suppliers and employees	(8,438,136)	(10,485,964)
	<u>2,632,421</u>	<u>594,600</u>
<i>CAPITAL TRANSACTIONS</i>		
Acquisition of tangible capital assets	(1,861,346)	(8,826,463)
Proceeds of disposal of tangible capital assets	<u>-</u>	<u>3,400</u>
	(1,861,346)	(8,823,063)
<i>INVESTING TRANSACTIONS</i>		
Investment in government business enterprises	(138,631)	(54,432)
<i>FINANCING TRANSACTIONS</i>		
Repayment of long term debt	(1,244,428)	(10,684,743)
Advances from long term debt	<u>1,000,000</u>	<u>19,017,793</u>
	(244,428)	8,333,050
CHANGE IN CASH DURING YEAR	388,016	50,155
CASH, <i>beginning of year</i>	<u>679,213</u>	<u>629,058</u>
CASH , <i>end of year (Note 2)</i>	<u>\$ 1,067,229</u>	<u>\$ 679,213</u>

MISIPAWISTIK CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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 Canadian Institute of Chartered Accountants.

REPORTING ENTITY

The Misipawistik Cree Nation reporting entity includes the Misipawistik Cree Nation (the Cree Nation) government and all related entities that are controlled by the Cree Nation.

PRINCIPLES OF CONSOLIDATION

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the Cree Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the Cree Nation.

Organizations consolidated in the Cree Nation's financial statements include:

- Misipawistik Cree Nation Housing Authority
- Misipawistik Cree Nation Gaming Commission
- Grand Rapids First Nation Immediate Use Fund
- Misipawistik Cree Nation Health 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.

Organizations accounted for by the modified equity basis include:

- Grand Rapids First Nation Development Corporation
- Chus-Chug-U Gaming Trust
- Pinesiw Energy Limited Partnership (1/2 interest)
- Misipawistik Telecommunications Cooperative
- Aseneskak Casino (1/6 interest)
- Grand Rapids First Nation Development Trust

The Cree Nation reports and assesses these enterprises by major business line.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

MISIPAWISTIK CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

INVENTORY

Inventories of goods available for resale are recorded at the lower of cost and net realizable value.

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisitions, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all of the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the Cree Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis, over the expected useful life of the assets in the table that follows.

Automotive	5 years
Buildings	25-40 years
Office equipment	4-10 years
Housing	20-40 years
Land Improvements	30 years
Roads	40 years
Water and Sewer	25 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Cree Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot reasonably be determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

REVENUE RECOGNITION

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statement of operations as the stipulations are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service performed is deferred and recognized when the fee is earned or service performed.

MEASUREMENT UNCERTAINTY

In preparing the consolidated financial statements for the Cree Nation, management is required 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 consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include the allowance for doubtful accounts, the remaining useful life of tangible capital assets, and provision for guaranteed debts of government business enterprises.

FINANCIAL INSTRUMENTS

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

MISIPAWISTIK CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

2. CASH

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the Cree Nation must set aside funds for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the replacement and subsidy fund. Cash (bank indebtedness) is comprised of the following:

	2 0 1 7	2 0 1 6
Externally Restricted		
Housing replacement reserve	\$ 208,604	\$ 94,605
Unrestricted		
Operating	(129,588)	(708,987)
Social	147,208	50,742
Daycare	1,692	2,472
Brushclearing	15,630	9,868
Housing	328,351	353,312
Health operating and capital project	<u>495,332</u>	<u>877,201</u>
	<u>\$ 1,067,229</u>	<u>\$ 679,213</u>

3. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	Opening Balance	Additions	Withdrawals	2 0 1 7	2 0 1 6
Revenue	\$ 33,399	\$ 698	\$ -	\$ 34,097	\$ 33,399
Capital	<u>3,186</u>	<u>-</u>	<u>-</u>	<u>3,186</u>	<u>3,186</u>
	<u>\$ 36,585</u>	<u>\$ 698</u>	<u>\$ -</u>	<u>\$ 37,283</u>	<u>\$ 36,585</u>

Trust fund accounts arise 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

4. ACCOUNTS RECEIVABLE

	2 0 1 7	2 0 1 6
Grand Rapids First Nation Development Corporation	\$ 1,476,755	\$ 1,580,928
Health Canada	29,850	29,850
Rent	3,115,445	2,840,888
Tobacco Tax	65,685	78,360
Payroll advances	28,293	20,393
Other	<u>1,432,691</u>	<u>1,349,495</u>
	<u>6,148,719</u>	<u>5,899,914</u>
Allowance for doubtful accounts	<u>(4,257,143)</u>	<u>(3,981,334)</u>
	<u>\$ 1,891,576</u>	<u>\$ 1,918,580</u>

MISIPAWISTIK CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

5. LONG TERM INVESTMENTS

The following table presents condensed financial information for the Cree Nation's long term investments.

	Retail Sales and Services	Entertainment Services	Portfolio Investments	2 0 1 7	2 0 1 6
Cash	\$ 407,921	\$ 486,461	\$ 14,125	\$ 908,507	\$ 956,106
Accounts Receivable	637,128	7,132	33,564	677,824	426,485
Inventory	360,273	7,126		367,399	294,563
Capital Assets	3,521,788	499,721		4,021,509	4,466,040
Other Assets	583,063	269,040	4,178,961	5,031,064	5,162,776
TOTAL ASSETS	\$ 5,510,173	\$ 1,269,480	\$ 4,226,650	\$ 11,006,303	\$ 11,305,970
Accounts Payable	\$ 428,502	\$ 78,509	\$	\$ 507,011	\$ 589,430
Long Term Debt	839,368	165,816		1,005,184	1,203,836
Other Liabilities	2,356,612	-	-	2,356,612	2,513,838
TOTAL LIABILITIES	3,624,482	244,325	-	3,868,807	4,307,104
EQUITY	1,885,691	1,025,155	4,226,650	7,137,496	6,998,866
TOTAL LIABILITIES AND EQUITY	\$ 5,510,173	\$ 1,269,480	\$ 4,226,650	\$ 11,006,303	\$ 11,305,970
REVENUE	\$ 11,946,346	\$ 2,997,921	\$ 197,112	\$ 15,141,379	\$ 14,999,552
EXPENDITURES	(12,049,212)	(1,538,575)	(227,982)	(13,815,769)	(13,923,156)
OTHER ITEMS	171,306	(1,476,956)	-	(1,305,650)	(1,140,570)
NET INCOME	\$ 68,440	\$ (17,610)	\$ (30,870)	\$ 19,960	\$ (64,174)

Retail Sales and Services

Retail Sales and Services is comprised of the operations of Grand Rapids First Nation Development Corporation which operates a grocery store (MCN Foods), gas bar, confectionery and restaurant, the community's 1/2 interest in Pinesiw Energy Limited Partnership and Misipawistik Telecommunications Co-operative which provides high speed internet services to the Cree Nation.

Entertainment Services

Entertainment Services are comprised of Chus-Chug-U Gaming Trust which is a VLT lounge located in the Cree Nation and the community's 1/6 interest in Aseneskak Casino Limited Partnership.

Portfolio Investments

Portfolio Investments is comprised of Grand Rapids First Nation Development Trust which was settled upon the receipt of certain monies from Manitoba Hydro. Access to the assets of Grand Rapids First Nation Development Trust is restricted to certain permitted uses as described in the terms of the trust indenture. The fair value of the Grand Rapids First Nation Development Trust's assets at March 31, 2017 is \$4,585,428 (2016 - \$4,727,074).

MISIPAWISTIK CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 7	2 0 1 6
Indigenous and Northern Affairs Canada	\$ 189,380	\$ 189,380
Trade payables, accruals and other	<u>2,565,144</u>	<u>1,637,109</u>
	<u>\$ 2,754,524</u>	<u>\$ 1,826,489</u>

7. DEFERRED REVENUE

	2 0 1 7	2 0 1 6
Employment and Training	\$ 24,774	\$ 38,524
Health Authority - Other	<u>188,049</u>	<u>742,906</u>
Health Authority - Office Construction		
	<u>\$ 212,823</u>	<u>\$ 781,430</u>

8. LONG TERM DEBT

	2 0 1 7	2 0 1 6
Bank of Montreal, interest at prime + 1.5% payable in annual principal payments of \$162,000, due on demand.	\$ 2,915,634	\$ 3,077,636
Bank of Montreal, interest at prime + 1.5% payable in quarterly principal payments of \$93,875, due on demand.	3,097,875	3,473,375
Bank of Montreal, interest at prime + 2% payable in monthly blended payments of \$583, due on demand.	22,750	29,750
Bank of Montreal, interest at prime + 1.5% payable in monthly blended payments of \$9,167, due on demand.	2,053,332	2,163,332
Bank of Montreal, interest at prime + 1.5% payable in annual principal payments of \$211,527, due on demand.	3,807,489	3,807,489
Bank of Montreal, interest at prime + 2% payable in annual principal payments of \$100,000, due on demand.	300,000	
Bank of Montreal, interest at prime + 2% payable in annual principal payments of \$120,000, due on demand.	480,000	
Canada Mortgage and Housing Corporation loan, interest at 1.08%, payable in monthly blended installments of \$2,290, due August 1, 2020.	131,512	157,422
Canada Mortgage and Housing Corporation loan, interest at 1.92%, payable in monthly installments of \$3,773 (P&I), due April 1, 2019.	488,069	523,657

MISIPAWISTIK CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

8. LONG TERM DEBT *(continued)*

	2 0 1 7	2 0 1 6
Canada Mortgage and Housing Corporation loan, interest at 1.14%, payable in monthly blended installments of \$493, due June 1, 2021.	77,442	82,314
Canada Mortgage and Housing Corporation loan, interest at 1.44%, payable in monthly blended installments of \$5,323, due February 1, 2022.	852,782	903,272
Canada Mortgage and Housing Corporation loan, interest at 1.62%, payable in monthly blended installments of \$3,179, due March 1, 2018.	537,607	566,838
Canada Mortgage and Housing Corporation loan, interest at 1.67%, payable in monthly installments of \$4,452, due June 1, 2018.	756,727	797,216
Canada Mortgage and Housing Corporation loan, interest at 1.85%, payable in monthly blended installments of \$5,507, due August 1, 2019.	975,839	1,023,501
Canada Mortgage and Housing Corporation loan, interest at 1.31%, payable in monthly blended installments of \$2,810 due December 1, 2021.	586,786	612,005
Canada Mortgage and Housing Corporation loan, interest at 1.8%, payable in monthly blended installments of \$5,203, due December 1, 2017.	1,055,120	1,098,256
Canada Mortgage and Housing Corporation loan, interest at 1.12%, payable in monthly blended installments of \$4,671, due February 1, 2020.	1,132,598	1,175,755
Canada Mortgage and Housing Corporation loan, interest at 1.11%, payable in monthly blended installments of \$7,190, due April 1, 2021	<u>1,823,078</u>	<u>1,847,250</u>
	<u>\$ 21,094,640</u>	<u>\$ 21,339,068</u>

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

The loans payable to Bank of Montreal is secured by a commitment to redirect certain funds towards repayment of the loan and a cross guarantee provided by Chus-Chug-U Gaming Trust and Grand Rapids First Nation Development Trust.

MISIPAWISTIK CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

8. LONG TERM DEBT *(continued)*

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

March 31, 2018	\$ 1,504,592
2019	1,510,839
2020	1,517,184
2021	1,418,410
2022	1,300,896

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

	Cost			Accumulated Amortization			Net Book Value				
	Opening Balance	Additions	Disposals, Write-offs & Adjustments	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Adjustments	Closing Balance	Total 2 0 1 7	Total 2 0 1 6	
Automotive Buildings	\$ 812,088	\$ 131,579	\$	\$ 943,667	\$	652,317	\$ 71,756	\$	\$ 724,073	\$ 219,594	\$ 159,771
Construction in progress	3,712,789	3,400,370		7,113,159		1,089,159	196,024		1,285,183	5,827,976	2,623,630
Land improvements	5,864,035		5,864,035								5,864,035
Housing	335,410	603,521		938,931		91,217	20,746		111,963	826,968	244,193
Office equipment	29,447,912	3,530,422		32,978,334		8,258,117	824,728		9,082,845	23,895,489	21,189,795
Roads	294,324	9,987		304,311		213,386	17,718		231,104	73,207	80,938
Water and sewer	1,950,001			1,950,001		1,676,261	48,750		1,725,011	224,990	273,740
	10,909,046	49,502	-	10,958,548		5,445,836	398,681	-	5,844,517	5,114,031	5,463,210
	\$ 53,325,605	\$ 7,725,381	\$ 5,864,035	\$ 55,186,951		\$ 17,426,293	\$ 1,578,403	\$ -	\$ 19,004,696	\$ 36,182,255	\$ 35,899,312

MISIPAWISTIK CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

10. CONTINGENCIES

Government Funding

The Cree Nation 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.

Loan Guarantees for Government Business Enterprises

The Cree Nation has guaranteed certain debts of Grand Rapids First Nation Development Corporation and Pinesiw Energy Limited Partnership. Aggregate guarantees are in excess of \$1,198,500 and are recorded as a liability of the individual enterprises not the Cree Nation.

If these enterprises become unable to repay these debts as they become due the Cree Nation may be contingently liable for the amounts.

The Cree Nation has recorded a provision of \$863,505 (2016 - \$968,174) in its financial statements for amounts it believes that it will ultimately become liable for.

11. BUDGET FIGURES

The Cree Nation has not completed a budget for the March 31, 2017 fiscal year. Accordingly budget figures are not presented in the financial statements.

12. COMMITMENTS

Canada Mortgage and Housing Corporation

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the Cree Nation must set aside funds for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the replacement and subsidy fund.

As of March 31, 2017, the replacement reserve fund is underfunded by \$112,707. (2016 - underfunded by \$163,256)

13. ECONOMIC DEPENDENCE

The Cree Nation receives a majority of its revenue from and consequently is economically dependant on the Government of Canada.

MISIPAWISTIK CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

14. GOVERNMENT TRANSFERS

	Operating	Capital	2 0 1 7	Operating	Capital	2 0 1 6
Indigenous and Northern Affairs Canada	\$ 2,946,647	\$ 354,500	\$ 3,301,147	\$ 3,136,393	\$ 120,000	\$ 3,256,393
First Nations and Inuit Health	1,809,879	534,161	2,344,040	1,830,581	1,298,000	3,128,581
Canada Mortgage and Housing Corporation	613,208		613,208	448,195		448,195
Parks Canada	-	-	-	10,000	-	10,000
Sub-total	5,369,734	888,661	6,258,395	5,425,169	1,418,000	6,843,169
Provincial	69,934	-	69,934	1,238,186	-	1,238,186
	<u>\$ 5,439,668</u>	<u>\$ 888,661</u>	<u>\$ 6,328,329</u>	<u>\$ 6,663,355</u>	<u>\$ 1,418,000</u>	<u>\$ 8,081,355</u>

15. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 1 7	2 0 1 6
Amortization	\$ 1,578,403	\$ 1,383,100
Donations	304,992	335,127
Economic assistance	1,387,358	1,316,075
Insurance	410,679	363,392
Interest and bank charges	736,120	1,189,432
Member distribution		208,320
Professional fees	109,930	106,287
Repairs and maintenance	520,413	1,229,389
Salaries and benefits	2,542,054	2,382,246
Student support	840,204	1,092,456
Supplies	287,424	163,762
Travel	279,957	324,299
Utilities	518,456	369,470
Other	<u>1,356,586</u>	<u>1,245,882</u>
	<u>\$ 10,872,576</u>	<u>\$ 11,709,237</u>

16. RELATED PARTY TRANSACTIONS

In the normal course of business the Cree Nation enters into transactions with related parties. Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due to the significant volume of transactions between the Cree Nation and related parties aggregate revenue and expenditures derived from related parties is not determinable.

Included within accounts payable and not separately disclosed elsewhere is \$36,147 (2016 - \$64,940) which is payable to the Cree Nation's government business enterprises for goods and services purchased in the ordinary course of business.

MISIPAWISTIK CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

17. SEGMENT DISCLOSURE

Misipawistik 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:

	Administration		Community Development		Community Services		Community Learning	
	2017	2016	2017	2016	2017	2016	2017	2016
REVENUE								
INAC	\$ 361,782	\$ 384,220	\$ 110,000	\$ 120,000	\$ 390,253	\$ 438,882	\$ 669,686	\$ 645,843
CMHC	-	-	613,208	448,195	-	-	-	-
	<u>361,782</u>	<u>384,220</u>	<u>723,208</u>	<u>568,195</u>	<u>390,253</u>	<u>438,882</u>	<u>669,686</u>	<u>645,843</u>
Other	<u>38,239</u>	<u>53,765</u>	<u>4,521,161</u>	<u>2,164,037</u>	<u>181,933</u>	<u>183,345</u>	<u>416,689</u>	<u>400,487</u>
	<u>430,024</u>	<u>437,985</u>	<u>5,244,369</u>	<u>2,732,232</u>	<u>572,186</u>	<u>622,227</u>	<u>1,086,375</u>	<u>1,046,330</u>
EXPENDITURES								
Amortization			1,406,914	1,296,530	42,956	42,682		234
Salaries and benefits	450,199	525,248	292,624	235,199	329,146	357,561	343,653	270,193
Other	<u>279,401</u>	<u>276,557</u>	<u>2,785,747</u>	<u>3,740,689</u>	<u>273,979</u>	<u>315,996</u>	<u>1,022,530</u>	<u>1,457,097</u>
	<u>729,600</u>	<u>801,805</u>	<u>4,485,285</u>	<u>5,272,418</u>	<u>646,081</u>	<u>716,239</u>	<u>1,366,183</u>	<u>1,727,524</u>
SURPLUS (DEFICIT)	<u>\$ (299,576)</u>	<u>\$ (363,820)</u>	<u>\$ 759,084</u>	<u>\$ (2,540,186)</u>	<u>\$ (73,895)</u>	<u>\$ (94,012)</u>	<u>\$ (279,808)</u>	<u>\$ (681,194)</u>

	Social Services		Health		TOTAL	
	2017	2016	2017	2016	2017	2016
REVENUE						
INAC	\$ 1,755,426	\$ 1,653,448	\$ 14,000	\$ 14,000	\$ 3,301,147	\$ 3,256,393
FNHI	-	-	2,344,040	3,128,581	2,344,040	3,128,581
CMHC	<u>1,755,426</u>	<u>1,653,448</u>	<u>2,358,040</u>	<u>3,142,581</u>	<u>613,208</u>	<u>448,195</u>
	<u>1,755,426</u>	<u>1,653,448</u>	<u>166,437</u>	<u>1,374,743</u>	<u>6,258,395</u>	<u>6,833,169</u>
Other	<u>1,755,426</u>	<u>1,653,448</u>	<u>2,524,477</u>	<u>4,517,324</u>	<u>5,324,459</u>	<u>4,176,377</u>
					<u>11,612,857</u>	<u>11,009,546</u>
EXPENDITURES						
Amortization			128,533	40,654	1,578,403	1,380,100
Salaries and benefits	162,412	160,380	964,020	843,244	2,542,054	2,391,825
Other	<u>1,621,161</u>	<u>1,554,310</u>	<u>769,301</u>	<u>592,663</u>	<u>6,752,119</u>	<u>7,937,312</u>
	<u>1,783,573</u>	<u>1,714,690</u>	<u>1,861,854</u>	<u>1,476,561</u>	<u>10,872,576</u>	<u>11,709,237</u>
SURPLUS (DEFICIT)	<u>\$ (28,147)</u>	<u>\$ (61,242)</u>	<u>\$ 662,623</u>	<u>\$ 3,040,763</u>	<u>\$ 740,281</u>	<u>\$ (699,691)</u>