

**MATHIAS COLOMB CREE
NATION**

**Consolidated Financial Statements
For the year ended March 31, 2016**

MATHIAS COLOMB CREE NATION

Consolidated Financial Statements

For the year ended March 31, 2016

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of **MATHIAS COLOMB CREE NATION** and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of **MATHIAS COLOMB CREE NATION**. The preparation of periodic financial statements involves the use of estimates and approximations because the precise determination of financial information frequently depends on future events. The financial statements have been prepared by management within reasonable limits of materiality and within the framework of Canadian public sector accounting standards.

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 **MATHIAS COLOMB CREE NATION** Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

BDO Canada LLP, Chartered Professional Accountants, as the Cree Nation's appointed external auditor, has audited the Consolidated Financial Statements. The Independent Auditor's Report is addressed to the Members and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian audit standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of operations of the Cree Nation in accordance with Canadian public sector accounting standards. BDO Canada LLP has full and free access to the Council.



Chief Arlen Dumas

Independent Auditor's Report

To the Members of MATHIAS COLOMB CREE NATION

We have audited the accompanying consolidated financial statements of MATHIAS COLOMB CREE NATION, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of operations, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the 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 statement present fairly, in all material respects, the financial position of MATHIAS COLOMB CREE NATION as at March 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The comparative figures were reported by another firm of Chartered Professional Accountants.

BDO Canada LLP

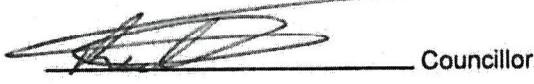
Chartered Professional Accountants

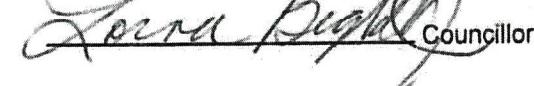
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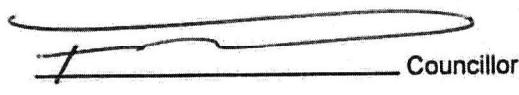
MATHIAS COLOMB CREE NATION
Consolidated Statement of Financial Position

March 31	2016	2015
		(Restated Note 2)
Financial Assets		
Restricted cash (Note 3)	\$ 434,962	\$ 424,409
Land entitlement trust	397,867	397,867
Accounts receivable (Note 4)	690,097	1,250,236
Investments (Note 6)	4,091,834	4,089,434
Loan receivable (Note 5)	5,666,840	5,749,552
	<hr/>	<hr/>
	11,281,600	11,911,498
Liabilities		
Bank indebtedness (Note 7)	1,156,028	894,322
Accounts payable and accrued liabilities (Note 8)	4,342,437	3,989,634
Unexpended funding (Note 9)	271,889	164,009
Long-term debts and demand loans (Note 10)	6,674,564	7,094,036
Obligations under capital lease (Note 11)	282,318	470,051
	<hr/>	<hr/>
	12,727,236	12,612,052
Net debt	<hr/>	<hr/>
	(1,445,636)	(700,554)
Non-financial Assets		
Tangible capital assets (Note 12)	37,221,093	39,493,907
Inventories (Note 13)	146,958	224,613
Prepaid expenses	4,500	11,323
	<hr/>	<hr/>
	37,372,551	39,729,843
Accumulated surplus (Note 16)	<hr/>	<hr/>
	\$ 35,926,915	\$ 39,029,289
Contingent liabilities (Note 18)	<hr/>	<hr/>

Approved by the Chief and Council:


Chief

Councillor

Councillor

Councillor


Councillor

Councillor

Councillor

MATHIAS COLOMB CREE NATION

Consolidated Statement of Operations

For the year ended March 31	2016	2015
	Budget	Actual
Revenue		Actual (Restated Note 2)
Aboriginal Skills & Employment Training Strategy	\$ -	\$ 690,274
Health Canada	-	3,193,105
Indigenous and Northern Affairs Canada (Note 14)	-	18,053,572
Community Bingo	-	914,663
Gaming Commission	-	61,514
Canada Mortgage and Housing Corporation	-	551,767
Aboriginal Human Resource Development Strategy	-	402,087
Province of Manitoba	-	266,987
Rental income	-	622,022
Construction and sundry	-	948,651
Tobacco tax rebates	-	314,113
Equity earnings from business enterprises	-	2,400
	<hr/>	<hr/>
	- 26,021,155	26,946,881
Expenses		
Summer work experience	- 121,612	106,834
Soil remediation-Set 2	- -	25,574
Soil remediation-Set 1	- 35,000	144,269
Soil remediation monitoring	- -	50,580
Social services and development	- 7,345,713	7,731,746
Response	- -	20,000
Pukatawagan development corp.	- 12,306	-
Operations and maintenance	- 853,760	861,225
Missinippi construction co. ltd.	- 1,638,653	1,620,836
Medical set programs	- 1,015,152	1,059,556
Medical flexible programs	- 2,305,384	2,423,237
Marilyn braveheart daycare centre	- 437,565	501,837
Mamawehetowin crisis centre	- 491,457	479,153
Justice & policing	- 157,790	86,428
Housing authority	- 1,751,984	2,880,332
Governance capacity development	- 40,829	36,000
Gaming Commission	- 62,250	59,570
Employment and training	- 691,475	691,987
Education student services	- 6,344,250	6,372,986
Economic development capacity	- -	36,190
Corp business planning	- 10,000	8,000
Community Bingo	- 910,503	700,421
Capital programs	- 1,602,120	941,552
Band support and administration	- 3,127,359	2,854,739
Band employee benefits	- -	239,820
Economic development infrastructure	- 168,367	-
	<hr/>	<hr/>
	- 29,123,529	29,932,872
Annual deficit	\$ -	(3,102,374)
	\$ -	(2,985,991)
Accumulated surplus, beginning of year as previously stated	39,029,289	33,847,156
Prior period adjustment (Note 2)	-	8,168,124
Accumulated surplus, beginning of year, restated	39,029,289	42,015,280
Accumulated surplus, end of year	\$ 35,926,915	\$ 39,029,289

MATHIAS COLOMB CREE NATION
Consolidated Statement of Changes in Net Debt

<u>For the year ended March 31</u>	<u>2016</u>	<u>2015</u>
	Budget	Actual
		Actual (Restated Note 2)
Annual deficit	\$ -	\$ (3,102,374) \$ (2,985,991)
Acquisition of tangible capital assets	- (500,633)	(1,600,300)
Disposal of tangible capital assets	- -	4,380
Construction in progress	- -	657,472
Net increase in replacement reserve	- -	82,301
Amortization of tangible capital assets	<u>- 2,773,447</u>	<u>2,629,590</u>
	- (829,560)	(1,212,548)
Prepaid expenses	- 6,823	25,769
Inventories	<u>- 77,655</u>	<u>(35,500)</u>
Decrease in net debt	<u>\$ - (745,082)</u>	<u>(1,222,279)</u>
Net assets (debt), beginning of year	<u>(700,554)</u>	<u>521,725</u>
Net debt, end of year	<u>\$ (1,445,636)</u>	<u>\$ (700,554)</u>

MATHIAS COLOMB CREE NATION Consolidated Statement of Cash Flows

For the year ended March 31	2016	2015
Cash Flows from Operating Activities		
Annual deficit	\$ (3,102,374)	\$ (2,985,991)
Adjustment for non-cash items:		
Amortization of tangible capital assets	2,773,447	2,629,590
Equity earnings from business enterprises	(2,400)	740,993
Loss on disposal of assets	-	4,380
Replacement reserve allocations	-	85,503
Replacement reserve expenses	-	(3,201)
MAR allocation	<u>107,880</u>	<u>(76,699)</u>
	(223,447)	394,575
Changes in non-cash working capital balances:		
Accounts receivable	560,139	102,427
Notes receivable	82,712	2,166,812
Inventories	77,655	(35,500)
Prepaid expenses	6,823	25,769
Accounts payable	352,753	(50,584)
Unexpended revenue	-	(32,798)
Construction in progress	-	657,472
	<u>856,635</u>	<u>3,228,173</u>
Cash Flows from Capital Activities		
Purchase and construction of capital assets	<u>(500,633)</u>	<u>(1,600,300)</u>
Cash Flows from Investing Activities		
Increase in investments	-	(23,348)
Increase in Land entitlement trust	-	(20,441)
	<u>-</u>	<u>(43,789)</u>
Cash Flows from Financing Activities		
Proceeds of long-term debt	300,000	3,293,663
Repayment of long-term debt	<u>(907,155)</u>	<u>(3,497,551)</u>
	<u>(607,155)</u>	<u>(203,888)</u>
Increase (decrease) in cash and cash equivalents	(251,153)	1,380,196
Bank indebtedness, beginning of year	(469,913)	(1,850,109)
Bank indebtedness, end of year	\$ (721,066)	\$ (469,913)
Represented by		
Cash and bank	\$ -	\$ -
Restricted cash	434,962	424,409
Bank indebtedness	<u>(1,156,028)</u>	<u>(894,322)</u>
	\$ (721,066)	\$ (469,913)

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

1. Nature of Entity and Summary of Significant Accounting Policies

Nature of Entity

The Cree Nation is a non-profit, non-taxable entity and is engaged in the social, cultural and economic development of Cree Nation citizens of Mathias Colomb Cree Nation.

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting in accordance with Canadian Public Sector Accounting Standards. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Basis of Consolidation

The Mathias Colomb Cree Nation reporting entity includes the Mathias Colomb Cree Nation government and all related entities which are accountable to the Cree Nation and are either owned or controlled by Mathias Colomb Cree Nation Council.

These financial statements consolidate the assets, liabilities and results of operations for the Cree Nation and use accounting principles which lend themselves to consolidation. All inter-entity balances have been eliminated on consolidation.

The following entities' results of operations are included in these financial statements:

Subsidiaries

Pukatawagan Aboriginal Education Authority Inc.	100% owned
Mathias Colomb Cree Nation Health Authority Inc.	100% owned
Mamawehetowin Crisis Centre Inc.	100% owned
Marilyn Braveheart Day Care Centre	100% owned
Mathias Colomb Cree Nation Housing Authority Inc.	100% owned
Missinippi Construction Co. Ltd.	100% owned

Unincorporated Departments

Mathias Colomb Cree Nation Community Bingo and Gaming Operations
Mathias Colomb Cree Nation Employment and Training

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

1. Nature of Entity and Summary of Significant Accounting Policies (continued)

Investments

These financial statements have been prepared using the modified equity method of consolidation for profit-oriented subsidiaries. The investment in the acquired companies is initially recorded at their cost. The results of operations of the acquired companies are included in the investment from the dates of acquisition. Under this method, government business enterprises' accounting policies, which follow Canadian generally accepted accounting principles for publicly accountable enterprises, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated.

The following subsidiary's results of operations are included in these financial statements under the modified equity method:

Mississippi Airways, including Beaver Air Services Trust and Limited Partnership	100% owned
Keewatin Railway Company Ltd.	44% owned

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 the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Financial Instruments

The Cree Nation's financial instruments consist of cash and bank, restricted cash, accounts receivable, long-term investments, bank indebtedness, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, it is management's opinion that the Cree Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Inventory

Raw materials, fuel and supplies are stated at the lower of cost and replacement cost. Cost is generally determined on the first-in first-out basis.

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

1. Nature of Entity and Summary of Significant Accounting Policies (continued)

Replacement Reserves

The reserves are required by agreements with funders for the replacement of capital assets. This balance consists of a net accumulation of the levy on operations and expenditures paid for by the reserve since inception.

Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization based on the estimated useful life of the asset is recorded once the asset is available for productive use as follows:

Infrastructure	20 - 50 years straight-line basis
Buildings	20 - 40 years straight-line basis
Equipment	10 - 20 years straight-line basis
Automotive	10 years straight-line basis

Pension Plans

The Cree Nation also maintains defined contribution pension plans for its personnel. Expenses for this plan is equal to the Cree Nation's required contribution for the year.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Measurement uncertainty exists specifically in the determination of accounts receivable, useful life of capital assets and unexpended funding.

Restricted Cash

Restricted cash balances represent assets segregated for use for replacement reserves with CMHC operating agreements. Restricted cash also includes trust funds held by INAC.

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

1. Nature of Entity and Summary of Significant Accounting Policies (continued)

Liability for Contaminated Sites

Liabilities for remediation of a contaminated site are recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Cree Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. At each financial reporting date, the Cree Nation reviews the carrying amount of any liability.

2. Correction of Prior Period

Balances reported as replacement reserves were included in Financial Liabilities in the previous period. The current presentation of these reserves as an appropriation of surplus has restated net debt by the amount of the previously reported balances. Net debt has been decreased by \$1,497,148 from the previous presentation.

Balances reported as assets and liabilities for the Settlement Fund that are due within the government reporting entity of the Cree Nation have been eliminated on consolidation in the current presentation. This is no effect to surplus or net debt as previously reported.

Balances reported as tangible capital assets did not include infrastructure such as roads, sewerlines and waterlines. Tangible capital assets were restated to recognize net book value of infrastructure. This resulted in an increase of tangible capital assets of \$6,360,972, and opening surplus of \$6,665,066 as at March 31, 2015.

Balances reported in statement of operations did not include transactions for Gaming Commission and Community Bingo which are controlled by Chief and Council of the Cree Nation. Revenues and expenses as at March 31, 2015, have been increased by \$762,276 and \$759,991 respectively.

3. Restricted Cash

Restricted cash is comprised of the following:

	<u>2016</u>	<u>2015</u>
<u>Externally Restricted Funds</u>		
Peace Hills Trust guaranteed investment certificate at 2.5% held as collateral for long-term debt	\$ 410,000	\$ 400,000
INAC Trust	24,962	24,409
CMHC replacement reserve funds	-	-
	<hr/> <u>\$ 434,962</u>	<hr/> <u>\$ 424,409</u>

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

3. Restricted Cash (continued)

INAC Funds Held in Trust

The restricted cash balance contains the surplus of monies held in trust for the Cree Nation by the Department of Indigenous and Northern Affairs Canada. The change in the trust balance during the year was as follows:

	2016	2015
Trust balance, beginning of year	\$ 24,409	\$ 23,439
Interest and fees earned	553	970
Trust balance, end of year	\$ 24,962	\$ 24,409

Under the terms of the agreements with CMHC, the replacement reserve account is to be credited in the amount of \$73,440 annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation (CDIC) or as may otherwise be approved by CDIC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are charged to interest first and then principal.

4. Accounts Receivable

	2016	2015
Trade	\$ 515,448	\$ 670,183
Allowance for doubtful accounts	(6,895)	(39,067)
	508,553	631,116
Indigenous and Northern Affairs Canada		
Receivable outstanding	113,162	585,976
Health Canada - FNIIHB	68,382	33,144
	181,544	619,120
	\$ 690,097	\$ 1,250,236

5. Loan Receivable

As a result of a settlement agreement with the Government of Canada, funds have been invested with various community organizations. These amounts have arisen from loans and advances in the normal course of operations and are measured at the exchange amount (the amount of consideration agreed to by the related parties). Consolidated entities' balances have been eliminated on consolidation with the exception of the following:

	2016	2015
Beaver Air Services LP, interest at 5% per annum, unsecured, repayable \$92,086 monthly. This loan matures March 1, 2018.	\$ 5,666,840	\$ 5,749,552

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

6. Investments

The investment balance reported represents the following holdings:

	2016	2015
Mississippi Airways (100% equity ownership)	\$ 3,622,233	\$ 3,619,833
Mississippi Management Ltd. (100% equity ownership)	50	50
Keewatin Railway Co. Ltd. (44% equity ownership)	<u>469,551</u>	469,551
	\$ 4,091,834	\$ 4,089,434

The Cree Nation owns 100% of the issued capital of Mississippi Management Ltd. (the general partner) and the members are the beneficiaries of Beaver Air Services Trust (the limited partner). These entities own Beaver Air Services Limited Partnership which operates as Mississippi Airways. Summarized financial information for Mississippi Airways as at and for the year ended December 31 is as follows:

	2015	2014
Current assets	\$ 2,695,449	\$ 2,225,184
Long-term assets	<u>6,996,757</u>	7,929,395
Total assets	\$ 9,692,206	\$ 10,154,579

	2015	2014
Current liabilities	\$ 1,975,659	\$ 2,753,673
Long-term liabilities	<u>4,198,879</u>	3,780,007
Equity	<u>3,517,668</u>	3,620,999
Total equity and liabilities	\$ 9,692,206	\$ 10,154,679

	2015	2014
Revenues	\$ 9,379,535	\$ 9,758,022
Expenses	<u>9,469,749</u>	10,355,640
Net income	\$ (90,214)	\$ (597,618)

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

6. Investments (continued)

Summarized financial information for Keewatin Railway Co. Ltd. as at and for the year ended December 31 is as follows:

	2015	2014
Current assets	\$ 2,854,327	\$ 2,008,159
Long-term assets	633,467	654,890
Total assets	\$ 3,487,794	\$ 2,663,049
	2015	2014
Current liabilities	\$ 2,180,236	\$ 1,595,788
Equity	1,307,558	1,067,261
Total equity and liabilities	\$ 3,487,794	\$ 2,663,049
	2015	2014
Revenues	\$ 5,748,048	\$ 4,592,587
Expenses	5,507,751	4,520,346
Net income	\$ 240,297	\$ 72,241

The following transactions occurred between its investments and the Cree Nation. These transactions are measured at the amount of consideration established and agreed to by the related parties:

- The Cree Nation paid \$1 (\$1 in 2015) to Beaver Air Services Trust for air services.

7. Bank Indebtedness

Bank indebtedness includes outstanding cheques at year end and a Peace Hills Trust credit facility with an interest rate of prime plus 1.5% (effective rate 5.95%) and a limit of \$750,000. There was no undrawn capacity (\$332,310 in 2015) of this credit facility at year-end.

8. Accounts Payable and Accrued Liabilities

	2016	2015
Trade	\$ 3,425,434	\$ 3,264,564
Northern Financial Services (i)	917,003	725,070
\$ 4,342,437	\$ 3,989,634	

(i) Accounts payable include advances from Northern Financial Services (The Northwest Company) payable under a band bridge plan bearing interest at 24% per annum. This debt is unsecured and due on demand.

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

9. Unexpended Funding

This balance represents unspent program funds provided to Cree Nation by the Department of Indigenous and Northern Affairs Canada and the Government of Canada (INAC).

	INAC	2016	2015
Deferred revenue - opening	\$ 50,580	\$ 164,009	\$ 273,506
Add: Current year monies unspent	157,273	203,229	44,629
Less: Previous year revenue recognized	-	(95,349)	(154,126)
	\$ 207,853	\$ 271,889	\$ 164,009

The balance of deferred revenue consists of the following:

Indigenous and Northern Affairs Canada			
Soil remediation - monitoring	\$ 50,580		
2016 Basic Needs	152,930		
2016 Special Needs	4,243		
Health Canada - Moveable asset reserve funding	64,036		
	\$ 271,789		

10. Long-term Debts and Demand Loans

	2016	2015
CMHC mortgage payable at 3.13%, due May 1, 2035, repayable in monthly installments of \$12,413 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	\$ 2,140,640	\$ 2,227,087
Peace Hills Trust loan payable at 3.5%, due December 1, 2039, repayable in monthly installments of \$7,049 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	1,167,657	1,210,981
CMHC mortgage payable at 1.61%, due November 1, 2037, repayable in monthly installments of \$4,456 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and assignment of fire insurance.	981,248	1,014,148
CMHC mortgage payable at 1.82%, due September 1, 2039, repayable in monthly installments of \$3,428 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and assignment of fire insurance.	788,241	813,282
Carried forward	\$ 5,077,786	\$ 5,265,498

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

10. Long-term Debts and Demand Loans (continued)

	2016	2015
Brought forward	\$ 5,077,786	\$ 5,265,498
Peace Hills Trust loan payable at 3.7%, due January 1, 2020, repayable in monthly installments of \$8,272 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance, and assignment of fire insurance.	355,551	440,334
Peace Hills Trust loan payable at 4.5%, due January 1, 2020, repayable in monthly installments of \$2,300 principal and interest, secured by a guaranteed investment certificate of \$400,000, general security agreement and demand promissory note.	400,000	400,000
Peace Hills Trust loan payable at 5.5%, due January 1, 2020, repayable in monthly installments of \$7,640 principal and interest, secured by a general security agreement, demand promissory note and assignment of tobacco tax rebates.	317,280	389,342
First Nations Bank loan payable at 3.95%, due December 1, 2016, repayable in monthly installments of \$11,954 principal and interest, secured by an INAC Ministerial Guarantee, and assignment of fire insurance.	105,780	242,110
Mortgage payable at 2.99%, due August 1, 2015, repayable in monthly installments of \$6,369 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	118,167	190,366
First Nation Bank loan repaid during the year.	-	166,386
Demand loan payable in annual payments of \$120,000 commencing June 1, 2016 to and including June 1, 2018 and any principal and interest fixed at 8.00% outstanding thereafter will be due and payable.	300,000	-
	\$ 6,674,564	\$ 7,094,036

The future minimum payments for the next five years and thereafter are:

2017	\$ 650,056
2018	519,643
2019	464,748
2020	358,582
2021	223,489
Thereafter	<u>4,458,046</u>
	\$ 6,674,564

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

11. Obligations Under Capital Lease

	2016	2015
Obligation under capital lease at 5.719%, due August 1, 2017, repayable \$15,644 principal and interest monthly	\$ 282,318	\$ 470,051

Obligations under capital leases are secured by certain plant and office equipment.

The future minimum lease payments are approximately:

2017	\$ 174,831
2018	107,487
	\$ 282,318

12. Tangible Capital Assets

	2016				
	Infrastructure	Buildings	Equipment	Automotive	Total
Cost, beginning of year	\$ 13,405,705	\$ 62,128,990	\$ 3,993,592	\$ 7,047,993	\$ 86,576,280
Additions	-	130,000	130,100	392,349	652,449
Adjustments	-	(2,388,561)	2,369,351	(143,850)	(163,060)
Cost, end of year	13,405,705	59,870,429	6,493,043	7,296,492	87,065,669
Accumulated amount, beginning of year	7,044,733	31,656,536	3,186,768	5,194,336	47,082,373
Amortization	304,094	1,941,031	232,714	295,608	2,773,447
Adjustments	-	(2,178,506)	2,177,625	(10,363)	(11,244)
Accumulated amount, end of year	7,348,827	31,419,061	5,597,107	5,479,581	49,844,576
Net carrying amount, end of year	\$ 6,056,878	\$ 28,451,368	\$ 895,936	\$ 1,816,911	\$ 37,221,093

	2015				
	Infrastructure	Buildings	Equipment	Automotive	Total
Cost, beginning of year	\$ 13,405,705	\$ 61,028,701	\$ 3,978,269	\$ 6,923,615	\$ 85,336,290
Additions	-	1,460,599	15,323	124,378	1,600,300
Disposals	-	(360,310)	-	-	(360,310)
Cost, end of year	13,405,705	62,128,990	3,993,592	7,047,993	86,576,280
Accumulated amount, beginning of year	6,740,639	30,112,158	3,017,849	4,938,067	44,808,713
Amortization	304,094	1,900,308	168,919	256,269	2,629,590
Adjustments	-	(355,930)	-	-	(355,930)
Accumulated amount, end of year	7,044,733	31,656,536	3,186,768	5,194,336	47,082,373
Net carrying amount, end of year	\$ 6,360,972	\$ 30,472,454	\$ 806,824	\$ 1,853,657	\$ 39,493,907

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

13. Inventories

	2016	2015
Materials and supplies	\$ 111,958	\$ 121,113
Gravel	15,000	37,500
Fuel	20,000	66,000
	\$ 146,958	\$ 224,613

14. Indigenous and Northern Affairs Canada (INAC) Revenue Reconciliation

	2016	2015
INAC cash release confirmation	\$ 18,230,370	\$ 18,114,501
Add: prior year deferrals	-	83,378
Less: Prior Year Social Services receivable	-	(412,366)
Less: 2015 Soil remediation monitoring funds decommitted	(8,000)	-
Less: 2015 Economic development funds decommitted	(11,525)	-
Less: Prior Years Clawback	-	(54,903)
Less: Current Year Deferred Revenue	(157,273)	(50,580)
Total INAC revenue reported	\$ 18,053,572	\$ 17,680,030

15. Replacement Reserves

	CMHC	Education	Other	2016	2015
Balance, beginning of year	\$ 1,449,407	\$ 47,741	\$ 1,497,148	\$ 1,414,846	
Allocations	73,440	-	73,440	85,503	
Expenses	-	-	-	(3,201)	
Adjustments	(886,730)	-	(886,730)	-	
Balance, end of year	\$ 636,117	\$ 47,741	\$ 683,858	\$ 1,497,148	

The replacement reserve balance consists of a net accumulation of the levy on operations, recoveries collected and expenditures paid for by the reserve since inception in accordance with the agreement with Canada Mortgage and Housing Corporation.

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

16. Accumulated Surplus

The Cree Nation segregates its accumulated surplus in the following categories:

	2016	2015
Investment in tangible capital assets	\$ 30,264,211	\$ 31,929,820
Current Funds	4,978,846	5,602,321
Reserve Funds		
CMHC	636,117	1,449,407
MAR	47,741	47,741
	<hr/>	<hr/>
	\$ 35,926,915	\$ 39,029,289

17. Defined Contribution Pension Plan

The expense for the Cree Nation's pension plan for the year was \$144,989 (\$219,751 in 2015). The plan is funded equally by the organization and the Cree Nation's employees at rates of 3.0% to 5.5% of the employee's salary. The funds are invested in mutual funds as directed by the Cree Nation's individual employees' investment directives.

18. Contingent Liabilities

The Cree Nation is contingently liable for \$1,722,118 in unapproved expenditures owing back to Indigenous and Northern Affairs Canada. These expenditures arose in the ordinary course of operations. In the opinion of management, the outcome of the reconciliations, now pending, is not determinable. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

The Cree Nation, in the course of its operations, is subject to lawsuits. As a policy, management will accrue for losses in instances where it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated. At present, management has no reason to believe that there are any lawsuits outstanding, the resolution of which, may have a significant impact on the Cree Nation's financial position.

Retention or repayment of individual program excesses will be determined and negotiated with the appropriate funding agencies upon receipt of these consolidated financial statements. It is not possible at this time to determine the amount, if any, of retention or repayment of excesses. Except as disclosed in Note 9 the Cree Nation has not recorded a liability for repayment to INAC of the unexpended funding and is in communication with them regarding future use.

19. Comparative Figures

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

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

20. Expense by Object

The following is a summary of expenses by object:

	2016	2015
Amortization	\$ 2,773,447	\$ 2,629,589
Interest	249,365	388,650
Professional services	1,100,259	593,149
Other	8,274,111	9,350,944
Rental expenditures	24,150	31,738
Salaries and benefits	10,116,631	10,113,789
Staff development	54,426	102,232
Supplies and services	<u>6,531,140</u>	<u>6,722,781</u>
	\$ 29,123,529	\$ 29,932,872

21. Segmented Information

The Cree Nation is a diversified community that provides a wide range of services to its members. For management reporting purposes the Mathias Colomb Cree Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations.

The services are provided by the several entities of Mathias Colomb Cree Nation. These activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed:

Public Works

Public Works contains all activities that relate to the maintenance of buildings and land of the Cree Nation.

Social Development

Social Development contains activities that provide financial support or support by other means to band members that is aimed at developing both the individual as well as the community.

Finance & Administration

Finance & Administration contains activities that are needed to run the Mathias Colomb Cree Nation organization.

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

21. Segmented Information (continued)

Health Services

Health Services contains activities that provide medical services to band members.

Education

Education Services contains activities that provide education to band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

Training & Development

Training & Development contains activities that provide financial support or support by other means to band members and organizations situated on the Cree Nation reserve that is aimed at developing personal skills and businesses.

Housing

Housing contains activities that provide housing and repairs and maintenance to band members' housing.

Gaming

Gaming contains activities that provide gaming services to both band members and non-band members.

MATHIAS COLOMB CREE NATION
Notes to Consolidated Financial Statements

For the year ended March 31, 2016

21. Segmented Information (continued)

	Daycare	Employment & Training	Housing	Health	Education	Development	Social	Public Works	Business Enterprise	Gaming & Bingo	Band Admin	Eliminations	2016 Total
Revenue													
Federal	\$ 367,861	\$ 690,274	\$ 548,600	\$ 3,193,105	\$ 6,374,077	\$ 7,946,829	\$ 2,266,120	\$ 1,111,672	\$ 976,177	\$ 1,629,094	\$ -	\$ 23,015,960	
Sundry	52,499	-	697,173	209,813	52,073	(157,173)	1,200	-	920,567	(861,206)	-	3,002,795	
Equity earnings	-	-	-	-	-	-	-	-	-	2,400	-	2,400	
Total revenue	420,360	690,274	1,245,773	3,402,918	6,426,150	7,789,656	2,267,320	1,111,672	976,177	2,552,061	(861,206)	26,021,155	
Expenses													
Salaries	170,576	401,480	1,812,396	1,483,751	2,343,336	7,307,328	2,396,771	1,448,171	890,504	1,613,791	(861,206)	19,006,898	
Total expenses	266,989	289,995	233,438	1,825,136	4,000,914	529,842	59,109	190,482	82,249	2,638,477	-	10,116,631	
Annual surplus (deficit)	\$ (17,205)	\$ (1,201)	\$ (800,061)	\$ 94,031	\$ 81,900	\$ (47,514)	\$ (188,560)	\$ (526,981)	\$ 3,424	\$ (1,700,207)	\$ -	\$ (3,102,374)	
	Daycare	Employment & Training	Housing	Health	Education	Development	Social	Public Works	Business Enterprise	Gaming & Bingo	Band Admin	Eliminations	2015 Total
Revenue													
Federal	\$ 367,861	\$ 690,274	\$ 661,921	\$ 3,152,282	\$ 5,995,440	\$ 7,759,063	\$ 2,245,125	\$ -	\$ 1,599,916	\$ 762,276	\$ 1,902,693	\$ -	\$ 22,774,659
Sundry	49,474	-	1,097,864	95,344	59,033	-	67,623	-	1,181,685	(740,993)	-	-	4,913,215
Equity earnings	-	-	-	-	-	-	-	-	-	-	-	-	(740,993)
Total revenue	417,335	690,274	1,759,785	3,247,626	6,054,473	7,759,063	2,312,748	1,599,916	762,276	2,343,385	-	-	26,946,881
Expenses													
Salaries	195,045	527,671	2,279,671	1,641,795	1,730,277	7,664,293	1,453,385	617,530	688,154	3,021,262	-	19,819,083	
Total expenses	306,792	164,316	600,661	1,840,999	4,642,709	546,606	349,392	1,003,306	71,837	587,171	-	10,113,789	
Annual surplus (deficit)	\$ (84,502)	\$ (1,713)	\$ (1,120,547)	\$ (235,168)	\$ (318,513)	\$ (451,836)	\$ 509,971	\$ (20,920)	\$ 2,285	\$ (1,265,048)	\$ -	\$ (2,985,991)	