

**MATHIAS COLOMB CREE  
NATION**

**Consolidated Financial Statements**  
**For the year ended March 31, 2017**

# **MATHIAS COLOMB CREE NATION**

## **Consolidated Financial Statements**

**For the year ended March 31, 2017**

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## Management's Responsibility for Financial Reporting

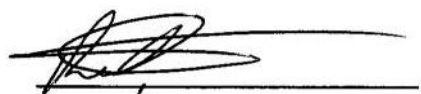
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The accompanying consolidated financial statements of **Mathias Colomb Cree Nation** and all the information in this annual report are the responsibility of management and have been approved by the Deputy Chief and Council of **Mathias Colomb Cree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

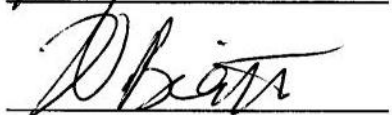
The Cree Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Cree Nation's assets are appropriately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



Deputy Chief Richard Dumas



Deputy Chief Wanda Bighetty



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## Independent Auditor's Report

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### 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, 2017 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 statements present fairly, in all material respects, the financial position of **Mathias Colomb Cree Nation** as at March 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
January 9, 2018

# MATHIAS COLOMB CREE NATION

## Consolidated Statement of Financial Position

March 31

2017

2016

### Financial Assets

Cash and bank	\$ 374,855	\$ -
Restricted cash (Note 2)	445,767	434,962
Land entitlement trust	397,867	397,867
Accounts receivable (Note 3)	6,129,850	690,097
Loan receivable (Note 4)	5,666,840	5,666,840
Investments (Note 5)	4,984,108	4,091,834
	<u>17,999,287</u>	<u>11,281,600</u>

### Liabilities

Bank indebtedness	-	1,156,028
Accounts payable and accrued liabilities (Note 6)	10,326,670	4,342,437
Unexpended funding (Note 7)	301,411	271,889
Long-term debts and demand loans (Note 8)	10,206,470	6,674,564
Obligations under capital lease (Note 9)	94,584	282,318
	<u>20,929,135</u>	<u>12,727,236</u>

### Net debt

(2,929,848) (1,445,636)

### Non-financial Assets

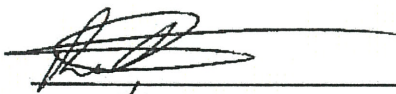
Tangible capital assets (Note 10)	45,102,370	37,221,093
Inventories (Note 11)	162,434	146,958
Prepaid expenses	13,671	4,500
	<u>45,278,475</u>	<u>37,372,551</u>


### Accumulated surplus (Note 14)


\$ 42,348,627 \$ 35,926,915

### Contingent liabilities (Note 16)

Approved by the Deputy Chief and Council:

 Deputy Chief

 Councillor

 Councillor

 Councillor

 Councillor

# MATHIAS COLOMB CREE NATION

## Consolidated Statement of Operations

For the year ended March 31	2017		2016
	Budget	Actual	Actual
<b>Revenue</b>			
Aboriginal Human Resource Development Strategy	\$ -	\$ 402,087	\$ 402,087
Aboriginal Skills and Employment Training Strategy	-	852,323	690,274
Canada Mortgage and Housing Corporation	-	509,705	551,767
Community Bingo	-	734,182	914,663
Construction and sundry	-	1,660,636	948,651
Equity earnings from business enterprises	-	892,274	2,400
Gaming Commission	-	23,747	61,514
Health Canada	-	3,452,077	3,193,105
Indigenous and Northern Affairs Canada (Note 12)	15,499,391	27,354,009	18,053,572
Province of Manitoba	-	526,772	266,987
Rental income	-	64,681	622,022
Tobacco tax rebates	-	307,645	314,113
	<b>15,499,391</b>	<b>36,780,138</b>	<b>26,021,155</b>
<b>Expenses</b>			
Band employee benefits	52,288	177,459	-
Band support and administration	1,093,858	3,524,054	3,127,359
Capacity development	-	191,068	40,829
Capital programs	-	882,481	1,602,120
Community bingo	-	603,972	910,503
Corporate business planning	15,656,243	-	10,000
Economic development capacity	613,740	197,738	168,367
Education student services	5,754,569	7,276,250	6,344,250
Employment and training	-	889,539	691,475
Environmental site assessment	-	201,100	-
Flood recovery and response	-	124,851	-
Gaming commission	-	34,439	62,250
Housing Authority	-	1,424,230	1,751,984
Indian registry	-	29,563	-
Justice and policing	-	200,555	157,790
Mamawehetowin Crisis Centre Inc.	480,131	602,805	491,457
Marilyn Braveheart Day Care	-	472,491	437,565
Medical block programs	-	2,473,532	2,305,384
Medical set programs	-	1,052,396	1,015,152
Mississippi Construction Co. Ltd.	-	1,247,031	1,638,653
Operations and maintenance	247,868	817,616	853,760
Pukatawagan Development Corporation	-	44,685	12,306
Social services and development	7,413,789	6,788,854	7,345,713
Soil remediation - Set 1	-	703,179	35,000
Summer work experience	-	94,644	121,612
Third party interest	-	94,847	-
Tide Canada	-	20,973	-
IM/IT capacity development	-	7,885	-
Indoor arena renovation	-	100,000	-
Other renovation	-	28,313	-
Pension plan administration	-	51,876	-
	<b>15,656,243</b>	<b>30,358,426</b>	<b>29,123,529</b>
<b>Annual surplus (deficit)</b>	<b>\$ (156,852)</b>	<b>6,421,712</b>	<b>(3,102,374)</b>
<b>Accumulated surplus, beginning of year</b>		<b>35,926,915</b>	<b>39,029,289</b>
<b>Accumulated surplus, end of year</b>		<b>\$ 42,348,627</b>	<b>\$ 35,926,915</b>

## MATHIAS COLOMB CREE NATION

### Consolidated Statement of Changes in Net Debt

For the year ended March 31		2017	2016
	Budget	Actual	Actual
Annual surplus (deficit)	\$ -	\$ 6,421,712	\$ (3,102,374)
Acquisition of tangible capital assets	-	(10,268,628)	(500,633)
Amortization of tangible capital assets	-	2,387,351	2,773,447
	-	(1,459,565)	(829,560)
Prepaid expenses	-	(9,171)	6,823
Inventories	-	(15,476)	77,655
Increase in net debt	\$ -	(1,484,212)	(745,082)
Net debt, beginning of year		(1,445,636)	(700,554)
Net debt, end of year		\$ (2,929,848)	\$ (1,445,636)

# MATHIAS COLOMB CREE NATION

## Consolidated Statement of Cash Flows

For the year ended March 31	2017	2016
<b>Cash Flows from Operating Activities</b>		
Annual surplus (deficit)	\$ 6,421,712	\$ (3,102,374)
Adjustment for non-cash items:		
Amortization of tangible capital assets	2,387,351	2,773,447
Equity earnings from business enterprises	(892,274)	(2,400)
MAR allocation	75,956	107,880
	<u>7,992,745</u>	<u>(223,447)</u>
Changes in non-cash working capital balances:		
Accounts receivable	(5,439,753)	560,139
Notes receivable	-	82,712
Inventories	(15,476)	77,655
Prepaid expenses	(9,171)	6,823
Accounts payable	5,984,233	352,753
Unexpended revenue	(46,434)	-
	<u>8,466,144</u>	<u>856,635</u>
<b>Cash Flows from Capital Activities</b>		
Purchase and construction of capital assets	<u>(10,268,628)</u>	<u>(500,633)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds of long-term debt	4,192,694	300,000
Repayment of long-term debt	(848,522)	(907,155)
	<u>3,344,172</u>	<u>(607,155)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1,541,688</b>	<b>(251,153)</b>
<b>Bank indebtedness, beginning of year</b>	<u><b>(721,066)</b></u>	<u><b>(469,913)</b></u>
<b>Cash (bank indebtedness), end of year</b>	<b>\$ 820,622</b>	<b>\$ (721,066)</b>
<b>Represented by</b>		
Cash and bank	\$ 374,855	\$ -
Restricted cash	445,767	434,962
Bank indebtedness	-	(1,156,028)
	<u>\$ 820,622</u>	<u>\$ (721,066)</u>



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# MATHIAS COLOMB CREE NATION

## Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

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### 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 that 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	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

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# MATHIAS COLOMB CREE NATION

## Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

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### **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, investments, loan receivable, bank indebtedness, accounts payable and accrued liabilities, long-term debt, and demand loans. 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.

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# MATHIAS COLOMB CREE NATION

## Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

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### **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 are 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, 2017**

### 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. Restricted Cash

	<u>2017</u>	<u>2016</u>
<u>Externally Restricted Funds</u>		
Peace Hills Trust guaranteed investment certificate at 2.5% held as collateral for long-term debt	\$ 420,278	\$ 410,000
INAC Trust	25,489	24,962
CMHC replacement reserve funds	-	-
	<u>\$ 445,767</u>	<u>\$ 434,962</u>

Under the terms of the agreements with CMHC, the replacement reserve account is to be credited in the amount of \$51,615 (\$73,440 in 2016) 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.

Subsequent to March 31, 2017 the restricted accounts were set up as required and funds have started to be allocated to these accounts.

#### 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:

	<u>2017</u>	<u>2016</u>
Trust balance, beginning of year	\$ 24,962	\$ 24,409
Interest and fees earned	527	553
Trust balance, end of year	<u>\$ 25,489</u>	<u>\$ 24,962</u>

# MATHIAS COLOMB CREE NATION

## Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

### 3. Accounts Receivable

	2017	2016
Trade	\$ 1,033,259	\$ 515,448
Allowance for doubtful accounts	(5,320)	(6,895)
	<u>1,027,939</u>	<u>508,553</u>
Indigenous and Northern Affairs Canada		
Receivable outstanding	5,020,399	113,162
Health Canada - FNIHB	81,512	68,382
	<u>5,101,911</u>	<u>181,544</u>
	<u>\$ 6,129,850</u>	<u>\$ 690,097</u>

### 4. 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:

	2017	2016
Beaver Air Services LP o/a Missinippi Airways, interest at 5% per annum, unsecured, repayable \$92,086 monthly. This loan matures March 1, 2018.	<u>\$ 5,666,840</u>	<u>\$ 5,666,840</u>

The Cree Nation waived interest for the 2017 year.

### 5. Investments

The investment balance reported represents the following holdings:

	2017	2016
Beaver Air Services LP o/a Missinippi Airways (100% ownership as sole limited partner)	\$ 4,408,776	\$ 3,622,233
Missinippi Management Ltd. (100% equity ownership)	50	50
Keewatin Railway Co. Ltd. (44% equity ownership)	<u>575,282</u>	<u>469,551</u>
	<u>\$ 4,984,108</u>	<u>\$ 4,091,834</u>

# MATHIAS COLOMB CREE NATION

## Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

### 5. Investments (continued)

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

	<b>2016</b>	2015
Current assets	<b>\$ 4,252,478</b>	\$ 3,179,924
Long-term assets	<b>7,794,448</b>	6,512,282
Total assets	<b>\$ 12,046,926</b>	\$ 9,692,206

	<b>2016</b>	2015
Current liabilities	<b>\$ 1,072,088</b>	\$ 1,975,659
Long-term liabilities	<b>6,255,566</b>	4,198,879
Equity	<b>4,719,272</b>	3,517,668
Total equity and liabilities	<b>\$ 12,046,926</b>	\$ 9,692,206

	<b>2016</b>	2015
Revenues	<b>\$ 12,138,622</b>	\$ 9,379,535
Expenses	<b>10,322,879</b>	9,469,749
Net income	<b>\$ 1,815,743</b>	\$ (90,214)

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

	<b>2016</b>	2015
Current assets	<b>\$ 1,185,879</b>	\$ 2,854,327
Long-term assets	<b>612,602</b>	633,467
Total assets	<b>\$ 1,798,481</b>	\$ 3,487,794

	<b>2016</b>	2015
Current liabilities	<b>\$ 1,214,678</b>	\$ 2,180,236
Equity	<b>604,536</b>	1,307,558
Total equity and liabilities	<b>\$ 1,819,214</b>	\$ 3,487,794

# MATHIAS COLOMB CREE NATION

## Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

### 5. Investments (continued)

	2016	2015
Revenues	\$ 4,705,543	\$ 5,748,048
Expenses	5,408,565	5,507,751
Net income (loss)	<u>\$ (703,022)</u>	<u>\$ 240,297</u>

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 \$614,139 (\$13,117 in 2016) in kind to Beaver Air Services LP for air services.

### 6. Accounts Payable and Accrued Liabilities

	2017	2016
Trade	\$ 4,126,638	\$ 3,425,434
Wastewater treatment plant	5,366,181	-
Northern Financial Services (i)	833,851	917,003
	<u>\$ 10,326,670</u>	<u>\$ 4,342,437</u>

(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.

### 7. 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	2017	2016
Deferred revenue - opening	\$ 207,853	\$ 271,889	\$ 164,009
Add: Current year monies unspent	246,597	322,553	203,229
Less: Previous year revenue recognized	(157,273)	(293,031)	(95,349)
	<u>\$ 297,177</u>	<u>\$ 301,411</u>	<u>\$ 271,889</u>

# MATHIAS COLOMB CREE NATION

## Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

### 7. Unexpended Funding (continued)

The balance of deferred revenue consists of the following:

	<u>2017</u>
Indigenous and Northern Affairs Canada	
Soil remediation - monitoring	\$ 50,580
2016 Basic Needs	146,597
Health Canada	
Moveable asset reserve funding	4,234
Nursing residence retrofit	100,000
	<u>\$ 301,411</u>

### 8. Long-term Debts and Demand Loans

	<u>2017</u>	<u>2016</u>
Peace Hills Trust loan to a maximum of \$5,900,000, repayable monthly in arrears at prime plus 1.0%, secured by an INAC Ministerial Guarantee, this loan is not fully disbursed at year end.	\$ 3,606,018	\$ -
CMHC mortgage payable at 1.19%, due May 1, 2035, repayable in monthly installments of \$10,411 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	2,040,521	2,140,640
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.	1,122,689	1,167,657
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.	938,611	981,248
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.	759,572	788,241
Carried forward	\$ 8,467,411	\$ 5,077,786



# MATHIAS COLOMB CREE NATION

## Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

### 8. Long-term Debts and Demand Loans (continued)

	2017	2016
Brought forward	\$ 8,467,411	\$ 5,077,786
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.	267,561	355,551
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.	986,676	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.	241,148	317,280
First Nations Bank loan repaid during the year.	-	105,780
Mortgage payable at 2.99%, due October 1, 2017, 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.	44,263	118,167
Demand loan, commencing May 19, 2015 to and including June 1, 2018 and any principal and interest fixed at 8.00% outstanding thereafter will be due and payable	199,411	300,000
	<b>\$ 10,206,470</b>	<b>\$ 6,674,564</b>

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

2018	\$ 650,056
2019	519,643
2020	464,748
2021	358,582
2022	223,489
Thereafter	7,989,952
	<b>\$ 10,206,470</b>

# MATHIAS COLOMB CREE NATION

## Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

### 9. Obligations Under Capital Lease

	2017	2016
Obligation under capital lease at 5.719%, due August 1, 2017, repayable \$15,644 principal and interest monthly	<b>\$ 94,584</b>	<b>\$ 282,318</b>

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

### 10. Tangible Capital Assets

	2017				
	Infrastructure	Buildings	Equipment	Automotive	Total
Cost, beginning of year	\$ 13,405,705	\$ 59,870,429	\$ 6,493,043	\$ 7,296,492	\$ 87,065,669
Additions	5,603,215	3,547,754	162,523	718,921	10,032,413
Cost, end of year	19,008,920	63,418,183	6,655,566	8,015,413	97,098,082
Accumulated amount, beginning of year	7,348,827	31,419,061	5,597,107	5,479,581	49,844,576
Amortization	304,094	1,564,668	165,577	353,012	2,387,351
Adjustments	-	(236,215)	-	-	(236,215)
Accumulated amount, end of year	7,652,921	32,747,514	5,762,684	5,832,593	51,995,712
Net carrying amount, end of year	<b>\$ 11,355,999</b>	<b>\$ 30,670,669</b>	<b>\$ 892,882</b>	<b>\$ 2,182,820</b>	<b>\$ 45,102,370</b>

	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	<b>\$ 6,056,878</b>	<b>\$ 28,451,368</b>	<b>\$ 895,936</b>	<b>\$ 1,816,911</b>	<b>\$ 37,221,093</b>

# MATHIAS COLOMB CREE NATION

## Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

### 11. Inventories

	<u>2017</u>	<u>2016</u>
Materials and supplies	\$ -	\$ 111,958
Gravel	5,510	15,000
Fuel	156,924	20,000
	<u>\$ 162,434</u>	<u>\$ 146,958</u>

### 12. Indigenous and Northern Affairs Canada (INAC) Revenue Reconciliation

	<u>2017</u>	<u>2016</u>
INAC cash release confirmation	\$ 27,443,333	\$ 18,230,370
Less: 2015 Soil remediation monitoring funds decommitted	-	(8,000)
Less: 2015 Economic development funds decommitted	-	(11,525)
Less: Current year deferred revenue	(89,324)	(157,273)
Total INAC revenue reported	<u>\$ 27,354,009</u>	<u>\$ 18,053,572</u>

### 13. Replacement Reserves

	<u>CMHC</u>	<u>MAR</u>	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 636,117	\$ 47,741	\$ 683,858	\$1,497,148
Allocations	51,615	72	51,687	73,440
Expenses	-	-	-	-
Adjustments	(3,924)	-	(3,924)	(886,730)
Balance, end of year	<u>\$ 683,808</u>	<u>\$ 47,813</u>	<u>\$ 731,621</u>	<u>\$ 683,858</u>

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.

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## MATHIAS COLOMB CREE NATION

### Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

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#### 14. Accumulated Surplus

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

	<u>2017</u>	<u>2016</u>
Investment in tangible capital assets	<b>\$ 34,801,316</b>	\$ 30,264,211
Current Funds	<b>6,815,690</b>	4,978,846
Reserve Funds		
CMHC	<b>683,808</b>	636,117
MAR	<b>47,813</b>	47,741
	<b><u>\$ 42,348,627</u></b>	<b><u>\$ 35,926,915</u></b>

#### 15. Defined Contribution Pension Plan

The expense for the Cree Nation's pension plan for the year was \$119,208 (\$144,989 in 2016). 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.

#### 16. Contingent Liabilities

The Cree Nation is contingently liable for \$1,870,315 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 7 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.

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## MATHIAS COLOMB CREE NATION

### Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

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#### 17. Comparative Figures

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

#### 18. Expense by Object

The following is a summary of expenses by object:

	2017	2016
Amortization	\$ 2,857,351	\$ 2,773,447
Interest	148,696	249,365
Professional services	1,181,818	1,100,259
Other	8,585,558	8,274,111
Rental expenditures	91,820	24,150
Salaries and benefits	10,062,670	10,116,631
Staff development	150,601	54,426
Supplies and services	7,279,912	6,531,140
	<b>\$ 30,358,426</b>	<b>\$ 29,123,529</b>

#### 19. 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:

##### Training and Development

Training and 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.

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## MATHIAS COLOMB CREE NATION

### Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

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#### **19. Segmented Information (continued)**

##### Health Services

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

##### Education Services

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

##### 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.

##### Public Works

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

##### Business Enterprise

Business Enterprise contains activities that provide business services to the Mathias Colomb Cree Nation organization.

##### Gaming and Bingo

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

##### Band Administration

Band 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, 2017

### 19. Segmented Information (continued)

	Day Care	Training and Development	Housing	Health Services	Education Services	Social Development	Public Works	Business Enterprise	Gaming and Bingo	Band Admin.	Eliminations	2017 Total
<b>Revenue</b>												
Federal	\$ 367,860	\$ 453,283	\$ 1,212,884	\$ 3,452,077	\$ 7,949,276	\$ 7,892,876	\$ 9,369,703	\$ -	\$ -	\$ 1,085,692	\$ -	\$ 31,783,651
Sundry	56,326	883,893	543,666	81,332	64,681	17	234,680	3,636,299	757,929	2,218,314	(3,480,650)	4,996,487
Total revenue	424,186	1,337,176	1,756,550	3,533,409	8,013,957	7,892,893	9,604,383	3,636,299	757,929	3,304,006	(3,480,650)	36,780,138
<b>Expenses</b>	183,696	764,156	1,305,768	1,592,796	3,655,985	7,556,808	2,250,087	2,671,401	574,686	3,221,023	(3,480,650)	20,295,756
Salaries	288,795	661,403	118,462	1,933,132	3,920,265	338,017	699,321	775,629	63,725	1,263,921	-	10,062,670
Total expenses	472,491	1,425,559	1,424,230	3,525,928	7,576,250	7,894,825	2,949,408	3,447,030	638,411	4,484,944	(3,480,650)	30,358,426
<b>Annual surplus (deficit)</b>	<b>\$ (48,305)</b>	<b>\$ (88,383)</b>	<b>\$ 332,320</b>	<b>\$ 7,481</b>	<b>\$ 437,707</b>	<b>\$ (1,932)</b>	<b>\$ 6,654,975</b>	<b>\$ 189,269</b>	<b>\$ 119,518</b>	<b>\$ (1,180,938)</b>	<b>\$ -</b>	<b>\$ 6,421,712</b>
	Day Care	Training and Development	Housing	Health Services	Education Services	Social Development	Public Works	Business Enterprise	Gaming and Bingo	Band Admin	Eliminations	2016 Total
<b>Revenue</b>												
Federal	\$ 367,860	\$ 690,274	\$ 548,600	\$ 3,193,105	\$ 6,374,077	\$ 7,946,829	\$ 2,266,120	\$ -	\$ -	\$ 1,629,094	\$ -	\$ 23,015,959
Sundry	56,326	-	697,173	209,813	52,073	(157,173)	1,200	1,111,672	976,177	920,567	(861,206)	3,006,622
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)	26,024,981
<b>Expenses</b>	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
Salaries	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
Total expenses	437,565	691,475	2,045,834	3,308,887	6,344,250	7,837,170	2,455,880	1,638,653	972,753	4,252,268	(861,206)	29,123,529
<b>Annual surplus (deficit)</b>	<b>\$ (17,205)</b>	<b>\$ (1,201)</b>	<b>\$ (800,061)</b>	<b>\$ 94,031</b>	<b>\$ 81,900</b>	<b>\$ (47,514)</b>	<b>\$ (188,560)</b>	<b>\$ (526,981)</b>	<b>\$ 3,424</b>	<b>\$ (1,700,207)</b>	<b>\$ -</b>	<b>\$ (3,102,374)</b>