

**MATHIAS COLOMB CREE NATION
Consolidated Financial Statements
Year Ended March 31, 2018**

Thornton & Co.

MATHIAS COLOMB CREE NATION
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Year Ended March 31, 2018

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Mathias Colomb Cree Nation have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

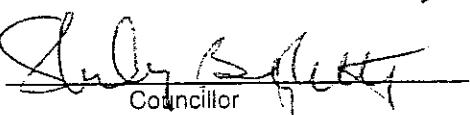
The integrity and reliability of Mathias Colomb Cree Nation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Council and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Council prior to its approval of the financial statements. The Committee also considers, for review by the Council and approval by the members, the engagement or re-appointment of the external auditors.

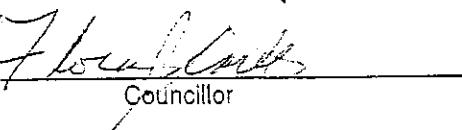
The consolidated financial statements have been audited on behalf of the members by Thornton & Co., in accordance with Canadian public sector accounting standards.



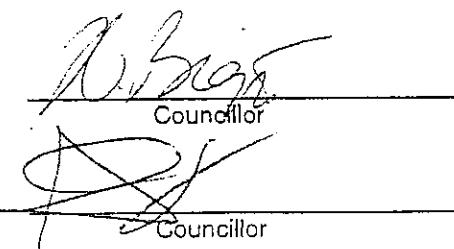
Lonna Bell-McCormick
Chief



Shirley Bell-McCormick
Councillor



Florencia Clark
Councillor



R. B. S. S.
Councillor

Winnipeg, MB
November 06, 2018

Thornton & Co.

CHARTERED PROFESSIONAL ACCOUNTANTS
PROFESSIONAL CORPORATION

720 A St. Mary's Road, Winnipeg, Manitoba R2M 3N2
Telephone: 204.284.3717 Fax: 204.284.3746

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, 2018 and the consolidated statements of operations and accumulated surplus, 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 overall presentation of the consolidated financial statements.

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

(continues)

Independent Auditor's Report to the Members of Mathias Colomb Cree Nation (continued)

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, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Thorneton & Co.

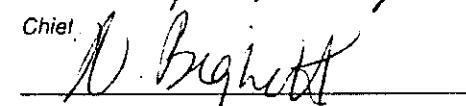
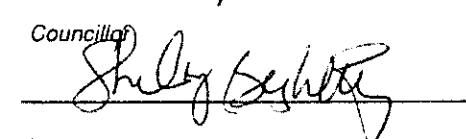
Winnipeg, MB
November 6, 2018

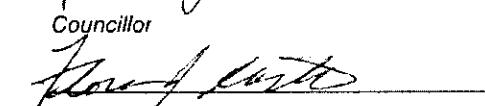
CHARTERED PROFESSIONAL ACCOUNTANTS

MATHIAS COLOMB CREE NATION
Consolidated Statement of Financial Position
March 31, 2018

	2018	2017
FINANCIAL ASSETS		
Unrestricted Cash	\$ 2,988,664	\$ 374,855
Restricted cash (Note 3)	553,427	445,767
Accounts receivable (Note 4)	3,381,178	6,129,850
Loans and notes receivable (Note 5)	5,666,840	5,666,840
Long term Investments (Note 6)	4,825,411	4,984,108
Land Entitlement Trust	<u>397,867</u>	<u>397,867</u>
	<u>17,813,387</u>	<u>17,999,287</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	5,551,881	10,301,002
Obligations under capital lease	-	94,584
Unexpended funding (Note 9)	2,480,130	301,411
Long Term Debt (Note 10)	<u>11,400,106</u>	<u>9,619,793</u>
	<u>19,432,117</u>	<u>20,316,790</u>
NET FINANCIAL DEBT		
	<u>(1,618,730)</u>	<u>(2,317,503)</u>
NON-FINANCIAL ASSETS		
Inventory	162,378	162,434
Prepaid expenses	198,637	13,671
Tangible capital assets (Note 7)	63,212,733	44,511,187
Deferred capital contribution (Note 11)	<u>(18,906,770)</u>	-
	<u>44,666,978</u>	<u>44,687,292</u>
ACCUMULATED SURPLUS	<u>\$ 43,048,248</u>	<u>\$ 42,369,789</u>

ON BEHALF OF COUNCIL


 Chief

 Councillor

 Councillor


 Councillor

 Councillor

See notes to consolidated financial statements

MATHIAS COLOMB CREE NATION
Consolidated Statement of Operations and Accumulated Surplus
Year Ended March 31, 2018

	Budget (Unaudited) 2018	Consolidated 2018	Consolidated 2017
REVENUES			
Indigenous Services Canada	\$ 9,901,002	\$ 19,806,841	\$ 27,354,009
Health Canada	3,225,689	4,089,335	3,452,077
Construction income	-	3,682,296	1,158,181
Community Bingo and Gaming Commission	-	982,525	757,929
Aboriginal Skills & Employment Training	-	711,550	852,323
Other income	467,036	1,437,788	466,317
Province of Manitoba	87,009	515,030	562,910
Aboriginal Human Resource Development Strategy	-	440,978	402,087
Tobacco tax rebates	300,000	301,546	307,645
Canadian Mortgage and Housing Corporation	230,384	230,821	509,705
Revenue from deferred Capital contributions	-	235,286	-
Revenue from prior year deferred	-	100,000	-
Rental revenue	-	65,990	64,681
Government of Canada	35,352	35,352	-
Equity income on business investments	-	(158,697)	892,274
	<u>14,246,472</u>	<u>32,476,641</u>	<u>36,780,138</u>
EXPENSES			
Band employee benefits	-	231,787	177,459
Band support and administration	1,505,793	4,444,977	4,227,229
Capacity development	125,617	439,098	191,068
Capital programs	346,645	1,265,038	882,481
Community bingo	-	774,818	603,971
Economic development capacity	196,720	200,934	197,738
Education student services	-	7,772,096	7,276,250
Employment and training	-	712,297	889,539
Environmental site assessment	-	-	201,100
Flood recovery and response	-	7,614	103,693
Gaming commission	-	43,585	34,440
Health Authority	3,221,938	4,245,480	3,525,928
Housing Authority	295,965	693,257	1,424,230
IM/IT capacity development	-	18,284	7,885
Indian registry	-	28,001	29,563
Justice and policing	115,209	158,552	200,555
Mamawehetowin Crisis Centre Inc	494,131	646,134	602,805
Marilyn Braveheart Day Care	-	596,102	472,491
Missinippi Construction Co. Ltd.	-	1,286,470	1,247,031
Operations and maintenance	785,261	928,087	817,616
Pension plan administration	-	60,971	51,876
Pukatawagan Development Corporation	-	26,413	44,685
Renovations	-	4,393	128,313
Social services and development	7,080,771	6,884,893	6,788,854
Soil remediation	-	128,504	-
Summer work experience	78,422	112,242	94,644

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See notes to consolidated financial statements

MATHIAS COLOMB CREE NATION
Consolidated Statement of Operations and Accumulated Surplus (continued)
Year Ended March 31, 2018

	Budget (Unaudited) 2018	Consolidated 2018	Consolidated 2017
Third party interest	-	72,019	94,847
Tides Canada	-	16,136	20,973
	<u>14,246,472</u>	<u>31,798,182</u>	<u>30,337,264</u>
ANNUAL SURPLUS	-	678,459	6,442,874
ACCUMULATED SURPLUS - BEGINNING OF YEAR	-	<u>42,369,789</u>	<u>35,926,915</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$</u> -	<u>\$ 43,048,248</u>	<u>\$ 42,369,789</u>

See notes to consolidated financial
statements

MATHIAS COLOMB CREE NATION
Consolidated Statement of Changes in Net Debt
Year Ended March 31, 2018

	2018	2017
ANNUAL SURPLUS	\$ 678,459	\$ 6,442,874
Amortization of tangible capital assets	3,475,025	2,387,343
Purchase of tangible capital assets	(22,311,091)	(9,677,437)
Proceeds on disposal of tangible capital assets	134,519	-
Increase in prepaid expenses	(184,965)	(9,171)
Decrease (increase) in inventory	56	(15,476)
Capitalized interest	-	-
Deferred capital contribution on tangible capital assets (Note 11)	18,906,770	-
Capitalized overhead	-	-
	20,314	(7,314,741)
DECREASE (INCREASE) IN NET FINANCIAL DEBT	698,773	(871,867)
NET FINANCIAL DEBT - BEGINNING OF YEAR	(2,317,503)	(1,445,636)
NET FINANCIAL DEBT - END OF YEAR	\$ (1,618,730)	\$ (2,317,503)

See notes to consolidated financial statements

MATHIAS COLOMB CREE NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Surplus	\$ 678,459	\$ 6,442,874
Items not affecting cash:		
Amortization of tangible capital assets	3,475,025	2,387,343
Equity income on business investments	158,697	(892,274)
MAR allocation	-	75,956
Revenue from deferred Capital contributions	(235,286)	-
Prior period adjustment	<u>140,703</u>	<u>(25,669)</u>
	4,217,598	7,988,230
Changes in non-cash working capital:		
Accounts receivable	2,748,672	(5,439,753)
Inventory	56	(15,476)
Accounts payable and accrued liabilities	(4,749,124)	5,984,233
Unexpended funding	2,178,719	(46,434)
Prepaid expenses	(184,966)	(9,171)
Deferred capital contribution	<u>18,906,770</u>	-
	18,900,127	473,399
Cash flow from operating activities	23,117,725	8,461,629
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(22,311,091)	(9,677,437)
Proceeds on disposal of tangible capital assets	<u>134,519</u>	-
Cash flow used by investing activities	(22,176,572)	(9,677,437)
FINANCING ACTIVITIES		
Proceeds from long term financing	2,310,536	3,606,018
Repayment of long term debt	<u>(530,224)</u>	<u>(848,522)</u>
Cash flow from financing activities	1,780,312	2,757,496
INCREASE IN CASH FLOW		
Cash (deficiency) - beginning of year	820,622	(721,066)
CASH - END OF YEAR	3,542,087	820,622
CASH CONSISTS OF:		
Unrestricted Cash	\$ 2,988,664	\$ 374,855
Restricted cash	<u>553,427</u>	<u>445,767</u>
	\$ 3,542,091	\$ 820,622

See notes to consolidated financial statements

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

1. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards.

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

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.

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:

Subsidiary	Ownership %	Year end
Pukatawagan Aboriginal Education Authority Inc.	100.00	March 31, 2018
Mathias Colomb Cree Nation Health Authority Inc.	100.00	March 31, 2018
Mamawehetowin Crisis Centre Inc.	100.00	March 31, 2018
Marilyn Braveheart Day Care	100.00	March 31, 2018
Mathias Colomb Cree Nation Housing Authority Inc.	100.00	March 31, 2018
Missinippi Construction Co. Ltd.	100.00	March 31, 2018
Unincorporated departments	-	
Mathias Colomb Cree Nation Community Bingo and Gaming		
Operations	-	
Mathias Colomb Cree Nation Employment and Training	-	
Organizations accounted for on a modified equity basis include:	-	
Beaver Air Services Limited Partnership	100.00	December 31, 2017
Keewatin Railway Company Ltd.	44.00	December 31, 2017

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.

(continues)

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

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

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. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Land		non-amortizable
Buildings	20-40 years	straight-line method
Equipment	10-20 years	straight-line method
Motor vehicles	10 years	straight-line method
Infrastructure	20-50 years	straight-line method

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Employee future benefits

The organization has a contributory defined benefit plan for its employees which is accounted for using the immediate recognition approach. Under this method, the accrued pension benefits are based on actuarial estimates used for purposes of funding the plan. The accrued benefit obligation and fair value of plan assets are reported, and actuarial gains and losses and past service costs are recognized as part of net income in the year they occur.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Revenue recognition

Mathias Colomb Cree Nation follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Seminar fees are recognized as revenue when the seminars are held.

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MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Interest income is accrued on loans receivable to the extent it is deemed collectible.

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 Indigenous Services Canada.

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.

Inventories held for use

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

3. RESTRICTED CASH

	2018	2017
Externally Restricted Funds		
Peace Hills Trust GIC at 2.5% held as collateral for long-term debt	\$ 430,785	\$ 420,278
Indigenous Services Canada Trust	26,105	25,489
CMHC Operating reserve	96,537	-
CMHC Replacement reserve	-	-
	553,427	445,767
Indigenous Services Canada Funds Held in Trust		
Trust balance, beginning of year	25,489	24,962
Interest and fees earned	616	527
	26,105	25,489
Grand total	\$ 579,532	\$ 471,256

MATHIAS COLOMB CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

4. ACCOUNTS RECEIVABLE

	2018	2017
Trade	\$ 1,843,041	\$ 1,033,259
Allowance for doubtful accounts	- <hr/>	(5,320) <hr/>
	1,843,041	1,027,939
Indigenous Services Canada Receivable outstanding	1,538,137	5,020,399
Health Canada - FNIHB	- <hr/>	81,512 <hr/>
	\$ 3,381,178	\$ 6,129,850

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:

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

The Cree Nation waived interest for the 2018 fiscal year.

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

6. LONG TERM INVESTMENTS

The investment balance reported represents the following holdings:

	2018	2017
Beaver Air Services LP o/a Missinippi Airways (100% ownership as sole limited partner)	\$ 4,132,025	\$ 4,408,776
Missinippi Management Ltd.	50	50
Keewatin Railway Co. Ltd. (44% equity ownership)	<u>693,336</u>	<u>575,282</u>
	<u>\$ 4,825,411</u>	<u>\$ 4,984,108</u>

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:

	2018	2017
Current assets	\$ 4,175,284	\$ 4,252,478
Long-term assets	<u>7,500,819</u>	<u>7,794,448</u>
Total assets	<u>11,676,103</u>	<u>12,046,926</u>
Current liabilities	1,360,879	1,072,088
Long-term liabilities	<u>5,872,703</u>	<u>6,255,566</u>
Equity	<u>4,442,521</u>	<u>4,719,272</u>
Total equity and liabilities	<u>11,676,103</u>	<u>12,046,926</u>
Revenues	13,234,547	12,138,622
Expenses	<u>12,867,561</u>	<u>10,322,879</u>
Net income	<u>366,986</u>	<u>1,815,743</u>

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

	2018	2017
Current assets	\$ 1,263,581	\$ 1,206,612
Long-term assets	<u>639,763</u>	<u>612,602</u>
Total assets	<u>1,903,344</u>	<u>1,819,214</u>
Current liabilities	995,548	1,214,678
Long-term liabilities	<u>34,956</u>	<u>-</u>
Equity	<u>872,840</u>	<u>604,536</u>
Total equity and liabilities	<u>1,903,344</u>	<u>1,819,214</u>
Revenues	5,062,995	4,705,543
Expenses	<u>4,794,691</u>	<u>5,408,565</u>

MATHIAS COLOMB CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

6. LONG TERM INVESTMENTS (continued)

	2018	2017
Net income (loss)	268,304	(703,022)

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 \$643,737 (\$614,139 in 2017) in kind to Beaver Air Services LP for air services.

7. TANGIBLE CAPITAL ASSETS

<u>Cost</u>	2017 Balance	Additions	Disposals	2018 Balance
Buildings	\$ 62,831,507	\$ 4,377,741	\$ -	\$ 67,209,248
Equipment	6,655,566	317,682	-	6,973,247
Motor vehicles	8,015,413	1,118,948	200,390	8,933,971
Infrastructure	<u>19,008,920</u>	<u>16,496,720</u>	<u>-</u>	<u>35,505,640</u>
	<u><u>\$ 96,511,406</u></u>	<u><u>\$ 22,311,091</u></u>	<u><u>\$ 200,390</u></u>	<u><u>\$ 118,622,106</u></u>
<u>Accumulated Amortization</u>	2017 Balance	Amortization	Accumulated Amortization on Disposals	2018 Balance
Buildings	\$ 32,747,514	\$ 1,445,788	\$ -	\$ 34,171,969
Equipment	5,767,191	646,641	-	6,451,649
Motor vehicles	5,832,593	837,450	65,871	6,587,688
Infrastructure	<u>7,652,921</u>	<u>545,145</u>	<u>-</u>	<u>8,198,066</u>
	<u><u>\$ 52,000,219</u></u>	<u><u>\$ 3,475,024</u></u>	<u><u>\$ 65,871</u></u>	<u><u>\$ 55,409,372</u></u>
<u>Net book value</u>			2018	2017
Buildings			\$ 33,037,279	\$ 30,083,993
Equipment			521,598	888,375
Motor vehicles			2,346,283	2,182,820
Infrastructure			<u>27,307,574</u>	<u>11,355,999</u>
			<u><u>\$ 63,212,734</u></u>	<u><u>\$ 44,511,187</u></u>

MATHIAS COLOMB CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade	\$ 4,970,831	\$ 4,126,638
Wastewater treatment plant	-	5,366,181
Northern Financial Services (i)	<u>581,050</u>	<u>833,851</u>
	<u>\$ 5,551,881</u>	<u>\$ 10,326,670</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.

9. UNEXPENDED FUNDING

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

	ISC	2018	2017
Deferred revenue - opening	\$ 297,177	\$ 301,411	\$ 271,889
Add: Current year monies unspent	1,635,840	2,480,130	322,553
Less: Previous year revenue recognized	<u>(297,177)</u>	<u>(301,411)</u>	<u>(293,031)</u>
	<u>\$ 1,635,840</u>	<u>\$ 2,480,130</u>	<u>\$ 301,411</u>

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

10. LONG TERM DEBT

	2018	2017
Peace Hills Trust loan bearing interest at 3.5% per annum, repayable in monthly blended payments of \$29,933. The loan matures on March 1, 2023 and is secured by an INAC Ministerial Guarantee.	\$ 5,916,554	\$ 3,606,018
CMHC loan bearing interest at 1.19% per annum, repayable in monthly blended payments of \$10,411. The loan matures on May 1, 2035 and is secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	1,939,265	2,040,521
Peace Hills Trust loan bearing interest at 3.5% per annum, repayable in monthly blended payments of \$7,049. The loan matures on December 1, 2039 and is secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	1,076,132	1,122,689
CMHC loan bearing interest at 1.61% per annum, repayable in monthly blended payments of \$4,456. The loan matures on November 1, 2037 and is secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	900,287	938,611
CMHC loan bearing interest at 1.82% per annum, repayable in monthly blended payments of \$3,428. The loan matures on September 1, 2039 and is secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	731,977	759,572
First Nations Bank loan. The loan was repaid during the year.	-	44,263
Peace Hills Trust loan bearing interest at 3.7% per annum, repayable in monthly blended payments of \$8,272. The loan matures on January 1, 2020 and is secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	176,285	267,561
Peace Hills Trust loan bearing interest at 4.5% per annum, repayable in monthly blended payments of \$2,300. The loan matures on January 1, 2020 and is secured by guaranteed investment certificate of \$400,000, general security agreement and demand promissory note.	400,000	400,000
Peace Hills Trust loan bearing interest at 5.5% per annum, repayable in monthly blended payments of \$7,640. The loan matures on January 1, 2020 and is secured by general security agreement, demand promissory note and assignment of tobacco tax rebates.	160,720	241,148

(continues)

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

10. LONG TERM DEBT (continued)

Peace Hills Trust loan bearing interest at 8% per annum. The loan matures on June 1, 2018.

	2018	2017
	98,886	199,411
	11,400,106	9,619,794
Amounts payable within one year	(659,005)	-
	\$ 10,741,101	\$ 9,619,794

Principal repayment terms are approximately:

2019	\$ 659,005
2020	528,984
2021	396,225
2022	410,466
2023	424,911
Thereafter	<u>8,980,515</u>
	<u>\$ 11,400,106</u>

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

11. RECONCILIATION OF CAPITAL CONTRIBUTIONS

	2018
<u>Funding received and expenditures incurred</u>	
Indigenous Services Canada	\$ 18,773,474
Aboriginal Human Resource Development Strategy	33,750
Indigenous Services Canada	<u>334,833</u>
	<u>19,142,057</u>
Water and sewer plant	(9,087,678)
Roads	(4,146,000)
Causeway	(2,178,700)
Crow Rock Subdivision	(2,242,310)
Indoor Arena	(650,000)
Elder Residence	(468,786)
Daycare	(33,750)
Education Authority asset additions	<u>(334,833)</u>
	<u>(19,142,057)</u>
<u>Recognized in Current year operations</u>	
Revenue from deferred capital contributions	235,287
Amortization expense	(235,287)
Net effect on operations	\$ -

12. INDIGENOUS SERVICES CANADA (ISC) REVENUE RECONCILIATION

	2018	2017
ISC cash release confirmation	\$ 40,343,384	\$ 27,443,333
Less: current year deferred revenue	(1,635,840)	(89,324)
Less: deferred capital contributions	<u>(18,458,307)</u>	-
Add: revenue recognized from deferred capital contributions	224,868	-
Add: deferred from prior year/adjustments	<u>207,604</u>	-
	<u>\$ 20,681,709</u>	<u>\$ 27,354,009</u>

13. DEFINED CONTRIBUTION PENSION PLAN

The expense for the Cree Nation's pension plan for the year was \$123,974 (\$119,208 in 2017). 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.

MATHIAS COLOMB CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

14. SUBSEQUENT EVENTS

Subsequent to the year end of March 31, 2018, the Cree Nation received notice on August 31, 2018 that the contingent liability to Indigenous Services Canada as noted in prior audits was written off by the Government of Canada and no further contingent liability exists. There is no effect on the financial statements as the contingent liability was only reported in the notes to the financial statements.

15. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of chartered public accountants. Some of the comparative figures have been reclassified to conform to the current year's presentation.

16. EXPENSE BY OBJECT

	2018	2017
Amortization	\$ 3,475,025	\$ 2,857,351
Interest	239,395	148,696
Professional services	1,226,819	1,181,818
Other	7,042,512	8,585,558
Rental expenditures	125,525	91,820
Salaries and benefits	11,975,663	10,062,670
Staff development	370,406	150,601
Supplies and services	7,342,837	7,279,912
	<u>\$ 31,798,182</u>	<u>\$ 30,358,426</u>

17. REPLACEMENT RESERVES

	CMHC	MAR	2018	2017
Balance, beginning of year	\$ 374,541	\$ 47,813	\$ 422,354	\$ 683,858
Allocations	44,927	-	44,927	51,687
Adjustments	(161,321)	-	(161,321)	(313,191)
	<u>258,147</u>	<u>47,813</u>	<u>305,960</u>	<u>422,354</u>
	<u>\$ 258,147</u>	<u>\$ 47,813</u>	<u>\$ 305,960</u>	<u>\$ 422,354</u>

MATHIAS COLOMB CREE NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

18. 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.

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 and Bingo 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
 Year Ended March 31, 2018

Schedule of segmented information

	Training and development	Housing	Health services	Education services	Social Development	Public works	Business Enterprises	Gaming and Bingo	Band Administration	Eliminations	Total 2018
	Day Care										
Revenue											
Federal	\$ 441,822	\$ 795,131	\$ 230,321	\$ 4,189,335	\$ 7,838,356	\$ 6,802,633	\$ 2,309,182	\$ -	\$ 1,650,638	\$ -	\$ 24,257,978
Sundry	32,163	766,579	416,721	159,620	57,544	16,000	200,622	8,743,016	982,525	892,375	(4,048,502) 8,218,663
Total revenue	473,985	1,561,710	647,542	4,348,955	7,895,900	6,818,633	2,509,804	8,743,016	982,525	2,543,073	(4,048,502) 32,476,641
Expenses											
Operating expenses	271,325	976,948	550,342	2,139,434	3,761,640	6,564,346	1,931,482	3,965,538	774,961	3,873,081	(4,048,502) 20,760,596
Salaries	324,778	532,319	142,915	2,106,046	3,993,713	336,683	632,723	2,091,513	43,441	833,656	11,037,587
Total expenses	596,103	1,509,267	693,257	4,245,480	7,755,353	6,901,028	2,564,205	6,056,851	818,402	4,706,737	(4,048,502) 31,798,182
Annual surplus (deficit)	\$ (122,118)	\$ 52,443	\$ (45,715)	\$ 103,475	\$ 140,547	\$ (82,395)	\$ (54,401)	\$ 2,686,165	\$ 164,123	\$ (2,163,664)	\$ -
											\$ 678,459

	Training and development	Housing	Health services	Education services	Social Development	Public works	Business Enterprises	Gaming and Bingo	Band Administration	Eliminations	Total 2017
	Day Care										
Revenue											
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
Expenses											
Operating expenses	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	659,321	775,629	63,725	1,263,921	10,062,670
Total expenses	472,491	1,425,559	1,424,730	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
Annual surplus (deficit)	\$ (48,305)	\$ (88,383)	\$ 332,320	\$ 7,481	\$ 437,707	\$ (1,932)	\$ 6,654,975	\$ 189,269	\$ 119,518	\$ (1,180,938)	\$ -
											\$ 6,421,712