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MOSAKAHIKEN CREE NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

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# MOSAKAHIKEN CREE NATION

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

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INDEPENDENT AUDITORS' REPORT

MANAGEMENT'S RESPONSIBILITY FOR REPORTING

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....STATEMENT 1

CONSOLIDATED STATEMENT OF OPERATIONS.....STATEMENT 2

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT.....STATEMENT 3

CONSOLIDATED STATEMENT OF CASH FLOWS.....STATEMENT 4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

To the Members  
Mosakahiken Cree Nation

We were engaged to audit the accompanying financial statements of Mosakahiken Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of operations, change in net debt and cash flows for the year ended March 31, 2016, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Canadian generally accepted auditing standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

#### **Basis of Disclaimer of Opinion**

During the year the Cree Nation demonstrated significant weaknesses in internal controls, as a result we were not able to gain satisfactory audit evidence in the following areas:

##### **Accounts Receivable**

We have been unable to satisfy ourselves with the completeness, and existence of accounts receivable due to the receivables not being properly maintained in the receivable sub-ledger. As a result, we were not able to assess whether potentially material adjustments were required to accounts receivable, amounts due from band members and related revenues.

##### **Tangible Capital Assets**

We have been unable to satisfy ourselves with the completeness, existence, and valuation of tangible capital assets as well as the accuracy of the amounts recorded in the accumulated amortization. There is a lack of documentation to support the additions and disposals during the year, specifically on the community buildings and infrastructure. As a result, we were not able to assess whether potentially material adjustments were required to tangible capital assets, accumulated amortization, and expenses.

##### **Deferred Revenues**

We have been unable to satisfy ourselves with the completeness of deferred revenues and the occurrence, completeness and accuracy of related revenue. This is due to inadequate support and errors in the recording of the related revenues and expenditures in the programs. As a result, we were not able to assess whether potentially material adjustments were required to the deferred revenue and revenue.

##### **Accounts Payable and Accrued Liabilities**

We have been unable to satisfy ourselves with the existence and completeness of the recorded payables, due to invoices not being entered or retained, and the sub-ledgers not being properly maintained. As a result, we were not able to assess whether potentially material adjustments were required to accounts payable, accrued liabilities and expenses.

### **Contingencies and Commitments**

We have been unable to satisfy ourselves with the completeness of contingencies for or against the First Nation. We have not been able to make the necessary enquiries nor were we able to obtain or review applicable documents. As a result, we were not able to assess whether potentially material adjustments were required to record the accruals and disclosures of contingencies and commitments.

### **Payroll**

We have been unable to satisfy ourselves with the completeness, occurrence and accuracy of payroll expenses, and completeness of vacation and source deduction payables, due to lack of documentation related to payroll records. As a result, we were not able to assess whether potentially material adjustments were required for accrued payroll and source deductions and payroll expenditures.

### **Expenditures**

We have been unable to satisfy ourselves with the classification, completeness and occurrence of expenditures due to incomplete supporting documentation. As a result, we were not able to assess whether potentially material adjustments were required to expenditures.

### **Disclaimer of Opinion**

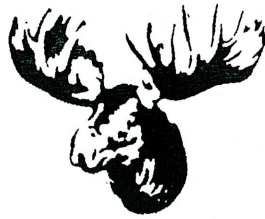
Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

The Pas, Manitoba  
June 20, 2017

*Collins Barrow HMA LLP*  
Chartered Professional Accountants

*Mosakahiken*

*Moose Lake  
Manitoba ROBOYO*



*Cree Nation*

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

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

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

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

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

Management reviews the Cree Nation's financial statements with Chief and Council and recommends their approval. The Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the annual report, the financial statements and the external auditors' report.

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

Chief

Councillor

# MOSAKAHIKEN CREE NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2016

2015

### FINANCIAL ASSETS

Trust funds held by federal government (Note 3)	\$ 9,293	\$ 6,963
Accounts receivable (Note 4)	419,562	2,185,937
Long term investments (Note 5)	<u>5,133,093</u>	<u>4,850,868</u>
	<u>\$ 5,561,948</u>	<u>\$ 7,043,768</u>

### LIABILITIES

Bank indebtedness (Note 2)	\$ 343,632	\$ 363,654
Accounts payable and accrued liabilities (Note 6)	2,181,232	2,609,418
Deferred revenue (Note 7)	18,793	1,354,897
Long term debt (Note 8)	<u>4,898,516</u>	<u>4,253,017</u>
	<u>7,442,173</u>	<u>8,580,986</u>
NET FINANCIAL DEBT	<u>( 1,880,225)</u>	<u>( 1,537,218)</u>

### NON-FINANCIAL ASSETS

Prepaid expenses		42,325
Inventory	11,853	18,966
Tangible capital assets (Note 9)	<u>47,356,000</u>	<u>48,395,513</u>
ACCUMULATED SURPLUS	<u>\$ 45,487,628</u>	<u>\$ 46,919,586</u>

CONTINGENCIES (Note 10)

Approved on behalf of Council

Chief

Councillor



# MOSAKAHIKEN CREE NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	2016	2015
REVENUE		
Indigenous and Northern Affairs Canada	\$ 5,903,729	\$ 6,068,280
Canada Mortgage and Housing Corporation	278,163	314,384
Contributions	3,922	19,469
First Nations and Inuit Health Branch	1,168,111	1,118,989
Investment income	249,747	233,446
Manitoba Hydro	200,000	1,820,129
Manitoba Keewatinowi Okimakanak	420,652	420,652
Rent	456,952	344,570
Swampy Cree Tribal Council	117,776	115,433
Solicitor General	37,308	45,143
Tobacco tax rebates	190,669	212,919
Other	1,225,592	788,491
Deferred revenue	<u>1,336,103</u>	<u>( 1,057,521)</u>
	<u>11,588,724</u>	<u>10,444,384</u>
EXPENDITURES		
Administration	1,837,987	1,041,612
Daycare	160,155	167,158
Education	523,473	570,345
Employment and Training	325,571	230,862
Health Authority	1,214,475	1,163,620
Band Capital and Housing	616,042	1,056,178
Moose Lake Indian Band Development Trust	191,238	194,376
Operations and Maintenance	827,257	694,549
Policing	38,013	43,797
Social Services	3,915,064	4,126,808
Other Programs	864,248	660,727
Amortization	<u>2,507,159</u>	<u>2,613,934</u>
	<u>13,020,682</u>	<u>12,563,966</u>
ANNUAL DEFICIT	( 1,431,958)	( 2,119,582)
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>46,919,586</u>	<u>49,039,168</u>
ACCUMULATED SURPLUS, <i>end of year</i>	\$ <u>45,487,628</u>	\$ <u>46,919,586</u>

# MOSAKAHIKEN CREE NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

	2016	2015
Annual deficit	<u>\$ ( 1,431,958)</u>	<u>\$ (2,119,582)</u>
Acquisition of tangible capital assets	( 1,467,645)	( 341,810)
Amortization of tangible capital assets	<u>2,507,159</u>	<u>2,613,934</u>
	<u>1,039,514</u>	<u>2,272,124</u>
Use (acquisition) of inventories	7,112	( 18,966)
Use (acquisition) of prepaid expenses	<u>42,325</u>	<u>( 42,325)</u>
	<u>49,437</u>	<u>( 61,291)</u>
CHANGE IN NET DEBT FOR YEAR	( 343,007)	91,251
NET DEBT, <i>beginning of year</i>	<u>( 1,537,218)</u>	<u>(1,628,469)</u>
NET DEBT, <i>end of year</i>	<u><u>\$ ( 1,880,225)</u></u>	<u><u>\$ (1,537,218)</u></u>

# MOSAKAHIKEN CREE NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 1 6	2 0 1 5
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from INAC and other sources	\$ 11,734,440	\$ 10,612,726
Cash paid to suppliers and employees	( 10,635,823)	( 10,230,548)
Interest paid	( 256,449)	( 234,001)
	<u>842,168</u>	<u>148,177</u>
<i>CAPITAL TRANSACTIONS</i>		
Acquisition of tangible capital assets	( 1,467,645)	( 341,810)
<i>FINANCING ACTIVITIES</i>		
Repayment of long term debt	( 420,525)	( 256,599)
Proceeds of long term debt	<u>1,066,024</u>	<u>-</u>
	<u>645,499</u>	<u>( 256,599)</u>
NET CHANGE IN CASH (BANK INDEBTEDNESS) DURING YEAR	20,022	( 450,232)
CASH (BANK INDEBTEDNESS), <i>beginning of year</i>	( 363,654)	86,578
BANK INDEBTEDNESS, <i>end of year (Note 2)</i>	<u><u>\$ ( 343,632)</u></u>	<u><u>\$ ( 363,654)</u></u>

# MOSAKAHIKEN CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *BASIS OF ACCOUNTING*

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.

#### *REPORTING ENTITY*

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

#### *PRINCIPLES OF CONSOLIDATION*

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

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

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

- Mosakahiken Cree Nation Housing Authority
- Mosakahiken Cree Nation Health Authority
- Mosakahiken Cree Nation Employment and Training
- Flora Martin Memorial Daycare
- Mosakahiken Development Trust
- Moose Lake Indian Band Development Trust

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Organizations accounted for by the modified equity basis include:

- Mosakahiken Cree Nation Economic Development Corporation
- Aseneskak Casino (1/6 interest)
- 4915110 Manitoba Limited
- Ininew Project Management

#### *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.

# MOSAKAHIKEN CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

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

#### *TANGIBLE CAPITAL ASSETS*

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

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

Amortization is provided for using the following rates and methods:

Automotive	30%	declining balance method
Buildings	4 - 5%	declining balance method
Computer equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method
Housing	2 - 5%	declining balance method
Roads	25 years	straight-line method
Water and Sewer	25 years	straight-line method

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

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

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

#### *REVENUE RECOGNITION*

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

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

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

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

# MOSAKAHIKEN CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

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

#### *MEASUREMENT UNCERTAINTY*

In preparing the consolidated financial statements for the Cree Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include the allowance for doubtful accounts and the remaining useful life of tangible capital assets.

#### *FINANCIAL INSTRUMENTS*

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

### 2. CASH (BANK INDEBTEDNESS)

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

	2 0 1 6	2 0 1 5
Externally Restricted		
Unrestricted		
Operating	\$( 169,505)	\$( 206,006)
Social	( 172,732)	( 155,234)
Daycare	( 442)	2,894
Housing	( 300)	( 3,053)
Health	( 653)	( 2,255)
	<u>\$( 343,632)</u>	<u>\$( 363,654)</u>

# MOSAKAHIKEN CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### 3. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	Opening Balance	Additions	Withdrawals	2 0 1 6	2 0 1 5
Revenue	\$ 6,901	\$ 2,330	\$ -	\$ 9,231	\$ 6,901
Capital	<u>62</u>	<u>-</u>	<u>-</u>	<u>62</u>	<u>62</u>
	<u>\$ 6,963</u>	<u>\$ 2,330</u>	<u>\$ -</u>	<u>\$ 9,293</u>	<u>\$ 6,963</u>

Trust fund accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

### 4. ACCOUNTS RECEIVABLE

	2 0 1 6	2 0 1 5
Indigenous and Northern Affairs Canada	\$ 67,943	\$ 64,405
Manitoba Hydro		1,700,129
Manitoba Keewatinowi Okimakanak	61,852	53,702
Other	<u>3,062,298</u>	<u>3,116,013</u>
	<u>3,192,093</u>	<u>4,934,249</u>
Allowance for doubtful accounts	<u>( 2,772,531)</u>	<u>( 2,748,312)</u>
	<u>\$ 419,562</u>	<u>\$ 2,185,937</u>

### 5. LONG TERM INVESTMENTS

	2 0 1 6	2 0 1 5
Aseneskak Casino	\$ 837,519	\$ 842,206
Ininev Project Management	210,867	211,662
Mosakahiken Cree Nation Economic Development Corporation	( 1,425)	( 1,425)
4915110 Manitoba Ltd.	( 172,321)	( 175,651)
Moose Lake Indian Band Development Trust	<u>4,258,453</u>	<u>3,974,076</u>
	<u>\$ 5,133,093</u>	<u>\$ 4,850,868</u>

# MOSAKAHIKEN CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 6	2 0 1 5
Indigenous and Northern Affairs Canada	\$ 208,691	\$ 312,828
Frontier School Division arrears settlement	361,671	661,671
Manitoba Hydro	164,648	297,176
First Nations and Inuit Health Branch	165,343	165,343
Other	<u>1,280,879</u>	<u>1,172,400</u>
	<u>\$ 2,181,232</u>	<u>\$ 2,609,418</u>

### 7. DEFERRED REVENUE

	2 0 1 6	2 0 1 5
Indigenous and Northern Affairs Canada		
Tuition	\$ 18,793	\$ 18,793
Manitoba Hydro	<u>-</u>	<u>1,336,104</u>
	<u>\$ 18,793</u>	<u>\$ 1,354,897</u>

### 8. LONG TERM DEBT

	2 0 1 6	2 0 1 5
Moose Lake Indian Band Development Trust, fully repaid.	\$ -	\$ 9,847
Peace Hills Trust Mortgage Payable, 5.09%, due December, 2016, repayable in monthly installments of \$4,569 (P&I)	187,873	232,221
C.M.H.C. mortgage payable, interest at 1.64%, due February, 2017, repayable in monthly installments of \$4,544 (P&I)	534,086	579,534
C.M.H.C. mortgage payable, interest at 1.71%, due November, 2020, repayable in monthly installments of \$3,044 (P&I)	594,732	629,807
C.M.H.C. mortgage payable, interest at 1.71%, due September, 2017, repayable in monthly installments of \$4,897 (P&I)	842,218	886,279
C.M.H.C. mortgage payable, interest at 2.35%, due September, 2018, repayable in monthly installments of \$6,208 (P&I)	1,070,900	1,126,187
C.M.H.C. mortgage payable, interest at 2.11%, due January, 2019, repayable in monthly installments of \$4,247 (P&I)	749,969	789,142
C.M.H.C. mortgage payable, interest at 1.21%, due May, 2021, repayable in monthly installments of \$3,055 (P&I)	530,115	
Peace Hills Trust Loan Payable, interest at 6.25% payable in monthly installments of \$17,639, due March, 2017.	204,659	

# MOSAKAHIKEN CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### 8. LONG TERM DEBT *(continued)*

	2 0 1 6	2 0 1 5
Peace Hills Trust Loan Payable, interest at 4.25% payable in monthly installments of \$1,916, due November, 2025.	<u>183,964</u>	<u>-</u>
	<u>\$ 4,898,516</u>	<u>\$ 4,253,017</u>

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

Loans payable to Peace Hills Trust are secured by Band Council Resolutions assigning investment income from Moose Lake Indian Band Development Trust, Tobacco tax rebates and redirecting all AANDC funding to Peace Hills Trust.

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

March 31, 2017	\$ 502,666
2018	305,289
2019	312,805
2020	308,095
2021	271,801

# MOSAKAHIKEN CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### 9. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals, Write-offs & Adjustments	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Adjustments	Closing Balance	Total 2 0 1 6	Total 2 0 1 5
Automotive	\$ 1,697,745	\$	\$ (152,522)	\$ 1,545,223	\$ 1,248,182	\$ 89,112	\$	\$ 1,337,294	\$ 207,929	\$ 449,563
Buildings	33,893,000	12,160		33,905,160	7,117,003	1,342,221		8,459,224	25,445,936	26,775,997
Computer equipment	33,532	8,037	(13,412)	28,157	17,165	4,986		22,151	6,006	16,367
Furniture and fixtures	96,042	39,508	7,087	142,637	89,718	4,704		94,422	48,215	6,324
Housing	12,212,459	1,099,435		13,311,894	4,131,686	408,006		4,539,692	8,772,202	8,080,773
Roads	383,099			383,099	122,592	15,324		137,916	245,183	260,507
Water and sewer	16,070,140			16,070,140	3,264,158	642,806		3,906,964	12,163,176	12,805,982
Construction in progress	-	467,353	-	467,353	-	-	-	-	467,353	-
	<u>\$ 64,386,017</u>	<u>\$ 1,626,493</u>	<u>\$ (158,847)</u>	<u>\$ 65,853,663</u>	<u>\$ 15,990,504</u>	<u>\$ 2,507,159</u>	<u>\$ -</u>	<u>\$ 18,497,663</u>	<u>\$ 47,356,000</u>	<u>\$ 48,395,513</u>

# MOSAKAHIKEN CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

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### 10. CONTINGENCIES

#### Government Funding

The Cree Nation receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses to the various programs. In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their agreements. At this time no estimate of the requirements, if any, to reimburse the agencies can be made.

For accounting purposes any amounts assessed or claims paid will be accounted for in the year of determination.

In a previous fiscal year INAC identified recoverable amounts totaling \$470,277 from March 31, 2001 and earlier. The Cree Nation contends that repayment should not be necessary. Subject to negotiations with INAC, the Cree Nation may be liable to repay all or a portion of this amount.

### 11. COMMITMENTS

#### Canada Mortgage and Housing Corporation

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

As of March 31, 2016, the replacement reserve fund is underfunded by \$521,755 (2015 - \$553,138).

### 12. ECONOMIC DEPENDENCE

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

### 13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

# MOSAKAHIKEN CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### 14. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 1 6	2 0 1 5
Amortization	\$ 2,507,159	\$ 2,613,934
Donations	208,685	178,346
Economic assistance	3,807,346	3,337,980
Insurance	145,010	144,518
Interest and bank charges	256,449	234,001
Professional fees	741,195	493,885
Repairs and maintenance	258,615	498,861
Salaries and benefits	2,581,504	2,302,629
Student support	504,729	464,898
Supplies	62,781	49,978
Travel	1,213,081	870,290
Utilities	142,296	594,998
Other	<u>591,832</u>	<u>779,648</u>
	<u>\$ 13,020,682</u>	<u>\$ 12,563,966</u>

### 15. RELATED PARTY TRANSACTIONS

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

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

# MOSAKAHIKEN CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### 16. SEGMENT DISCLOSURE

Mosakahiken Cree Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The segment results for the year are as follows:

	Administration		Community Development		Community Services		Community Learning	
	2016	2015	2016	2015	2016	2015	2016	2015
REVENUE								
INAC	\$ 483,024	\$ 497,795	\$ 384,876	\$ 377,200	\$ 685,465	\$ 598,641	\$ 415,862	\$ 371,930
Solicitor General					37,308	45,143		
CMHC	-	-	278,163	314,384	-	-	-	-
	<u>483,024</u>	<u>497,795</u>	<u>663,039</u>	<u>691,584</u>	<u>722,773</u>	<u>643,784</u>	<u>415,862</u>	<u>371,930</u>
Other	<u>3,248,386</u>	<u>1,739,944</u>	<u>412,849</u>	<u>632,028</u>	<u>422,320</u>	<u>421,561</u>	-	-
	<u>3,731,410</u>	<u>2,237,739</u>	<u>1,075,888</u>	<u>1,323,612</u>	<u>1,145,093</u>	<u>1,065,345</u>	<u>415,862</u>	<u>371,930</u>
EXPENDITURES								
Amortization			2,440,372	2,544,400				
Salaries and benefits	986,790	737,414	178,752	196,423	685,706	659,163	106,481	82,599
Other	<u>1,906,681</u>	<u>1,168,541</u>	<u>424,514</u>	<u>850,515</u>	<u>678,067</u>	<u>477,203</u>	<u>416,992</u>	<u>487,746</u>
	<u>2,893,471</u>	<u>1,905,955</u>	<u>3,043,638</u>	<u>3,591,338</u>	<u>1,363,773</u>	<u>1,136,366</u>	<u>523,473</u>	<u>570,345</u>
SURPLUS (DEFICIT)	\$ <u>837,939</u>	\$ <u>331,784</u>	\$ <u>(1,967,750)</u>	\$ <u>(2,267,726)</u>	\$ <u>(218,680)</u>	\$ <u>(71,021)</u>	\$ <u>(107,611)</u>	\$ <u>(198,415)</u>

	Social Services		Health		TOTAL	
	2016	2015	2016	2015	2016	2015
REVENUE						
INAC	\$ 3,920,502	\$ 4,222,714	\$ 14,000	\$	\$ 5,903,729	\$ 6,068,280
FNIHB			1,168,111	1,118,989	1,168,111	1,118,989
Solicitor General					37,308	45,143
CMHC	-	-	-	-	278,163	314,384
	<u>3,920,502</u>	<u>4,222,714</u>	<u>1,182,111</u>	<u>1,118,989</u>	<u>7,387,311</u>	<u>7,546,796</u>
Other			<u>117,858</u>	<u>104,055</u>	<u>4,201,413</u>	<u>2,897,588</u>
	<u>3,920,502</u>	<u>4,222,714</u>	<u>1,299,969</u>	<u>1,223,044</u>	<u>11,588,724</u>	<u>10,444,384</u>
EXPENDITURES						
Amortization			66,787	69,534	2,507,159	2,613,934
Salaries and benefits	69,567	88,174	554,208	538,856	2,581,504	2,302,629
Other	<u>3,845,498</u>	<u>4,038,634</u>	<u>660,267</u>	<u>624,764</u>	<u>7,932,019</u>	<u>7,647,403</u>
	<u>3,915,065</u>	<u>4,126,808</u>	<u>1,281,262</u>	<u>1,233,154</u>	<u>13,020,682</u>	<u>12,563,966</u>
SURPLUS (DEFICIT)	\$ <u>5,437</u>	\$ <u>95,906</u>	\$ <u>18,707</u>	\$ <u>(10,110)</u>	\$ <u>(1,431,958)</u>	\$ <u>(2,119,582)</u>