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MOSAKAHIKEN CREE NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

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# MOSAKAHIKEN CREE NATION

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MARCH 31, 2017

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*Mosakahiken*

*Moose Lake  
Manitoba ROB OYO*



*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.


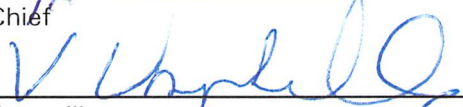
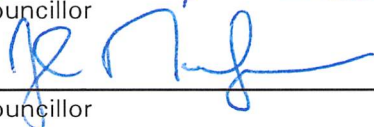
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimation and judgments. When alternative accounting methods exist, management has chosen 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  
  
\_\_\_\_\_  
Councillor

\_\_\_\_\_  
Councillor  
  
\_\_\_\_\_  
Councillor



## INDEPENDENT AUDITORS' REPORT

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The Pas, MB R9A 1L2  
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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, 2017 and the consolidated statements of operations, change in net debt and cash flows for the year ended March 31, 2017, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on 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:

#### Cash / Bank Indebtedness

We have been unable to satisfy ourselves with the accuracy and completeness of cash / bank indebtedness due to the cash accounts not being properly maintained and reconciled in the general ledger. As a result, we were not able to assess whether potentially material adjustments were required to cash / bank indebtedness, revenue and related expenditures.

#### 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.

#### Inventory

We were unable to observe the physical count of inventory as at March 31, 2017 or satisfy ourselves concerning those inventory quantities by alternative means. Since opening and closing inventories enter into the determination of the results of operations and cash flows, we were unable to determine whether potentially material adjustments to inventory and related accounts payable, expenses, annual surplus (deficit) and cash provided by the operating activities might be necessary.

#### 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.



**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  
April 3, 2018

*Collins Barrow KPMG LLP*  
Chartered Professional Accountants

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2017	2016
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### FINANCIAL ASSETS

Restricted cash (Note 2)	\$ 687,424	\$ 39,401
Accounts receivable (Note 3)	502,013	389,454
Long term investments (Note 4)	<u>5,196,969</u>	<u>5,133,093</u>
	<u>\$ 6,386,406</u>	<u>\$ 5,561,948</u>

### LIABILITIES

Bank indebtedness	\$ 318,125	\$ 343,632
Accounts payable and accrued liabilities (Note 5)	2,347,895	2,181,232
Deferred revenue (Note 6)	343,393	18,793
Long term debt (Note 7)	<u>7,092,815</u>	<u>4,898,516</u>
	<u>10,102,228</u>	<u>7,442,173</u>
NET FINANCIAL DEBT	<u>( 3,715,822)</u>	<u>( 1,880,225)</u>

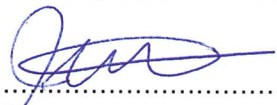
### NON-FINANCIAL ASSETS


Inventory	11,853	11,853
Tangible capital assets (Note 8)	44,652,951	46,888,647
Construction in progress (Note 9)	<u>6,987,629</u>	<u>467,353</u>
ACCUMULATED SURPLUS	<u>\$ 47,936,611</u>	<u>\$ 45,487,628</u>

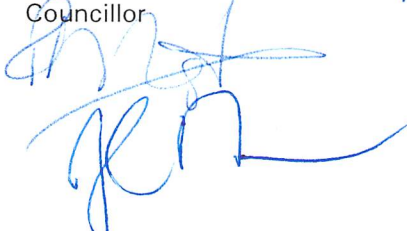
CONTINGENCIES (Note 10)

COMMITMENTS (Note 11)

Approved on behalf of Council

  
.....  
Chief

  
.....  
Councillor



# MOSAKAHIKEN CREE NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	2017	2016
REVENUE		
Indigenous and Northern Affairs Canada	\$ 6,641,499	\$ 5,903,729
Canada Mortgage and Housing Corporation	863,375	278,163
First Nations and Inuit Health Branch	1,261,390	1,168,111
Investment Income	192,661	249,747
Manitoba Hydro	5,234,810	200,000
Manitoba Keewatinowi Okimakanak	431,965	420,652
Rental Income	329,002	456,952
Swampy Cree Tribal Council	120,372	117,776
Solicitor General	28,487	37,308
Tobacco Tax Rebate	178,669	190,669
Other Income	2,252,192	1,229,513
Deferred from previous year	18,793	1,354,897
Deferred to the following year	(342,143)	(18,793)
Funding Recoveries	(68,372)	-
	<u>17,142,700</u>	<u>11,588,724</u>
EXPENDITURES		
Administration	1,193,024	1,837,987
Daycare	165,858	160,155
Education	490,026	523,473
Employment and Training	297,047	325,571
Health Authority	1,211,857	1,214,475
Band Capital and Housing	2,587,679	616,042
Moose Lake Indian Band Development Trust	193,400	191,238
Operations and Maintenance	927,427	827,257
Policing	41,834	38,013
Social Services	4,256,801	3,915,064
Other Programs	862,767	864,248
Amortization	2,465,997	2,507,159
	<u>14,693,717</u>	<u>13,020,682</u>
ANNUAL SURPLUS (DEFICIT)	2,448,983	( 1,431,958)
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>45,487,628</u>	<u>46,919,586</u>
ACCUMULATED SURPLUS, <i>end of year</i>	\$ <u>47,936,611</u>	\$ <u>45,487,628</u>

# MOSAKAHIKEN CREE NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

	2 0 1 7	2 0 1 6
Annual surplus (deficit)	\$ <u>2,448,983</u>	\$ (1,431,958)
Acquisition of tangible capital assets	( 230,301)	( 1,467,645)
Amortization of tangible capital assets	2,465,997	2,507,159
Acquisition of construction in progress - net	( <u>6,520,276</u> )	<u>-</u>
	( <u>4,284,580</u> )	<u>1,039,514</u>
Use (acquisition) of inventories		7,112
Use (acquisition) of prepaid expenses	<u>-</u>	<u>42,325</u>
	<u>-</u>	<u>49,437</u>
CHANGE IN NET DEBT FOR YEAR	( 1,835,597)	( 343,007)
NET DEBT, <i>beginning of year</i>	( <u>1,880,225</u> )	( <u>1,537,218</u> )
NET DEBT, <i>end of year</i>	\$ ( <u><u>3,715,822</u></u> )	\$ ( <u><u>1,880,225</u></u> )



# MOSAKAHIKEN CREE NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2017	2016
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from funding agencies and other sources	\$ 17,290,865	\$ 11,773,841
Cash paid to suppliers and employees	( 11,823,931)	( 10,635,823)
Interest paid	( 237,127)	( 256,449)
	<u>5,229,807</u>	<u>881,569</u>
<i>CAPITAL TRANSACTIONS</i>		
Acquisition of tangible capital assets	( 230,301)	( 1,467,645)
Acquisition of construction in progress	( 6,520,275)	-
	<u>( 6,750,576)</u>	<u>( 1,467,645)</u>
<i>FINANCING ACTIVITIES</i>		
Repayment of long term debt	( 168,308)	( 420,525)
Proceeds of long term debt	<u>2,362,607</u>	<u>1,066,024</u>
	<u>2,194,299</u>	<u>645,499</u>
NET CHANGE IN CASH (BANK INDEBTEDNESS) DURING YEAR	673,530	59,423
CASH (BANK INDEBTEDNESS), <i>beginning of year</i>	( 304,231)	( 363,654)
CASH (BANK INDEBTEDNESS), <i>end of year</i>	<u>\$ 369,299</u>	<u>\$ ( 304,231)</u>
CASH (BANK INDEBTEDNESS) COMPRISED OF		
Restricted cash	\$ 687,424	\$ 39,401
Bank indebtedness	( 318,125)	( 343,632)
	<u>\$ 369,299</u>	<u>\$ ( 304,231)</u>

# MOSAKAHIKEN CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

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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, 2017

### 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.

# MOSAKAHIKEN CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

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

#### *REVENUE RECOGNITION*

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

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

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

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

#### *MEASUREMENT UNCERTAINTY*

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

	2 0 1 7	2 0 1 6
Ottawa Trust	\$ 11,533	\$ 9,293
Pitblado Trust	8,452	30,108
Duboff Edwards Trust	163,548	
Peace Hills Trust - capital projects	368,294	
Replacement reserve	<u>135,597</u>	<u>-</u>
	<u>\$ 687,424</u>	<u>\$ 39,401</u>

# MOSAKAHIKEN CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 3. ACCOUNTS RECEIVABLE

	2017	2016
Indigenous and Northern Affairs Canada	\$ 138,896	\$ 67,943
Manitoba Keewatinowi Okimakanak	37,450	61,852
Manitoba Finance - taxation	25,402	74,175
Other	<u>3,238,141</u>	<u>2,958,015</u>
	3,439,889	3,161,985
Allowance for doubtful accounts	<u>( 2,937,876)</u>	<u>( 2,772,531)</u>
	<u>\$ 502,013</u>	<u>\$ 389,454</u>

### 4. LONG TERM INVESTMENTS

	2017	2016
Aseneskak Casino	\$ 808,310	\$ 837,519
Ininev Project Management	209,503	210,867
Mosakahiken Cree Nation Economic Development Corporation	( 1,425)	( 1,425)
4915110 Manitoba Ltd.	( 206,207)	( 172,321)
Moose Lake Indian Band Development Trust	<u>4,386,788</u>	<u>4,258,453</u>
	<u>\$ 5,196,969</u>	<u>\$ 5,133,093</u>

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Indigenous and Northern Affairs Canada	\$ 174,191	\$ 208,691
Frontier School Division arrears settlement	361,671	361,671
Manitoba Hydro	218,516	164,648
First Nations and Inuit Health Branch		58,543
Trade payables	<u>1,593,517</u>	<u>1,387,679</u>
	<u>\$ 2,347,895</u>	<u>\$ 2,181,232</u>

### 6. DEFERRED REVENUE

	2017	2016
Indigenous and Northern Affairs Canada		
Tuition	\$	\$ 18,793
Unexpended capital funding	<u>343,393</u>	<u>-</u>
	<u>\$ 343,393</u>	<u>\$ 18,793</u>

# MOSAKAHIKEN CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 7. LONG TERM DEBT

	2 0 1 7	2 0 1 6
C.M.H.C. mortgage payable, interest at 1.46%, due March, 2022, repayable in monthly installments of \$4,505	\$ 487,781	\$ 534,086
C.M.H.C. mortgage payable, interest at 1.19%, due November, 2020, repayable in monthly installments of \$3,044	565,062	594,732
C.M.H.C. mortgage payable, interest at 1.71%, due September, 2017, repayable in monthly installments of \$4,897	797,342	842,218
C.M.H.C. mortgage payable, interest at 2.35%, due September, 2018, repayable in monthly installments of \$6,208	1,020,716	1,070,900
C.M.H.C. mortgage payable, interest at 2.11%, due January, 2019, repayable in monthly installments of \$4,247	714,298	749,969
C.M.H.C. mortgage payable, interest at 1.21%, due May, 2021, repayable in monthly installments of \$3,055	768,898	530,115
Peace Hills Trust Mortgage payable, 3.75%, due December, 2019, repayable in monthly installments of \$4,484	140,571	187,873
Peace Hills Trust Loan payable, interest at 4.25% payable in monthly installments of \$1,916, due November, 2025.	167,172	183,964
Peace Hills Trust Loan payable, including compounded monthly interest at 3.75% payable in monthly installments of \$27,862.	2,430,975	
Peace Hills Trust Loan, fully retired during the year.	-	204,659
	<u>\$ 7,092,815</u>	<u>\$ 4,898,516</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 INAC 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, 2018	\$ 504,717
2019	611,295
2020	570,395
2021	545,305
2022	561,145

# MOSAKAHIKEN CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 8. 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 7	Total 2 0 1 6
Automotive	\$ 1,545,223	\$ 110,000	\$	\$ 1,655,223	\$ 1,337,294	\$ 78,879	\$	\$ 1,416,173	\$ 239,050	\$ 207,929
Buildings	33,905,160	111,666		34,016,826	8,459,224	1,275,281		9,734,505	24,282,321	25,445,936
Computer equipment	28,157	4,701		32,858	22,151	3,744		25,895	6,963	6,006
Furniture and fixtures	142,637			142,637	94,422	9,739		104,161	38,476	48,215
Housing	13,311,894	3,934		13,315,828	4,539,692	440,224		4,979,916	8,335,912	8,772,202
Roads	383,099			383,099	137,916	15,324		153,240	229,859	245,183
Water and sewer	16,070,140	-	-	16,070,140	3,906,964	642,806	-	4,549,770	11,520,370	12,163,176
	<u>\$ 65,386,310</u>	<u>\$ 230,301</u>	<u>\$ -</u>	<u>\$ 65,616,611</u>	<u>\$ 18,497,663</u>	<u>\$ 2,465,997</u>	<u>\$ -</u>	<u>\$ 20,963,660</u>	<u>\$ 44,652,951</u>	<u>\$ 46,888,647</u>

# MOSAKAHIKEN CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 9. CONSTRUCTION IN PROGRESS

During the year, the Cree Nation was involved in the construction of the Arena project managed by Ininew LP which was not completed as at March 31, 2017. The total cost incurred for the project as at March 31, 2017 \$4,640,640.

During the year, the Cree Nation was involved in the construction of Business Centre financed by the loan proceeds received from Peace Hills Trust. The total cost of \$2,346,988 incurred as at March 31, 2017 is deferred until the subsequent year, when the project will be completed.

### 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, 2017, the replacement reserve fund is underfunded by \$531,198 (2016 - \$521,755).

### 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, 2017

### 14. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 1 7	2 0 1 6
Amortization	\$ 2,465,997	\$ 2,507,159
Donations	174,070	208,685
Insurance	242,365	145,010
Interest and bank charges	237,127	256,449
Professional fees	246,731	741,195
Repairs and maintenance	2,329,362	258,615
Salaries and benefits	2,578,462	2,581,504
Social assistance	4,183,786	3,807,346
Student support	430,200	504,729
Supplies	75,077	62,781
Travel	795,163	1,213,081
Utilities	162,555	142,296
Other	<u>772,822</u>	<u>591,832</u>
	<u>\$ 14,693,717</u>	<u>\$ 13,020,682</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, 2017

### 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	
	2017	2016	2017	2016	2017	2016	2017	2016
REVENUE								
INAC	\$ 504,859	\$ 483,024	\$ 746,701	\$ 384,876	\$ 775,236	\$ 685,465	\$ 486,490	\$ 415,862
Solicitor General					28,487	37,308		
CMHC	-	-	863,375	278,163	-	-	-	-
	<u>504,859</u>	<u>483,024</u>	<u>1,610,076</u>	<u>663,039</u>	<u>803,723</u>	<u>722,773</u>	<u>486,490</u>	<u>415,862</u>
Other	<u>2,863,799</u>	<u>3,248,386</u>	<u>4,927,184</u>	<u>412,849</u>	<u>-</u>	<u>422,320</u>	<u>429,713</u>	<u>-</u>
	<u>3,368,658</u>	<u>3,731,410</u>	<u>6,537,260</u>	<u>1,075,888</u>	<u>803,723</u>	<u>1,145,093</u>	<u>916,203</u>	<u>415,862</u>
EXPENDITURES								
Amortization			2,398,905	2,440,372				
Salaries and benefits	663,240	986,790	378,385	178,752	456,361	685,706	356,026	106,481
Other	<u>1,360,308</u>	<u>1,906,681</u>	<u>2,394,201</u>	<u>424,514</u>	<u>537,900</u>	<u>678,067</u>	<u>612,641</u>	<u>416,992</u>
	<u>2,023,548</u>	<u>2,893,471</u>	<u>5,171,491</u>	<u>3,043,638</u>	<u>994,261</u>	<u>1,363,773</u>	<u>968,667</u>	<u>523,473</u>
SURPLUS (DEFICIT)	<u>\$ 1,345,110</u>	<u>\$ 837,939</u>	<u>\$ 1,365,769</u>	<u>\$ (1,967,750)</u>	<u>\$ (190,538)</u>	<u>\$ (218,680)</u>	<u>\$ (52,464)</u>	<u>\$ (107,611)</u>

	Social Services		Health		TOTAL	
	2017	2016	2017	2016	2017	2016
REVENUE						
INAC	\$ 4,114,213	\$ 3,920,502	\$ 14,000	\$ 14,000	\$ 6,641,499	\$ 5,903,729
FNIHB			1,261,390	1,168,111	1,261,390	1,168,111
Solicitor General					28,487	37,308
CMHC	-	-	-	-	863,375	278,163
	<u>4,114,213</u>	<u>3,920,502</u>	<u>1,275,390</u>	<u>1,182,111</u>	<u>8,794,751</u>	<u>7,387,311</u>
Other	<u>-</u>	<u>-</u>	<u>127,253</u>	<u>117,858</u>	<u>8,347,949</u>	<u>4,201,413</u>
	<u>4,114,213</u>	<u>3,920,502</u>	<u>1,402,643</u>	<u>1,299,969</u>	<u>17,142,700</u>	<u>11,588,724</u>
EXPENDITURES						
Amortization			67,092	66,787	2,465,997	2,507,159
Salaries and benefits	65,232	69,567	592,454	554,208	2,511,698	2,581,504
Other	<u>4,191,569</u>	<u>3,845,498</u>	<u>619,403</u>	<u>660,267</u>	<u>9,716,022</u>	<u>7,932,019</u>
	<u>4,256,801</u>	<u>3,915,065</u>	<u>1,278,949</u>	<u>1,281,262</u>	<u>14,693,717</u>	<u>13,020,682</u>
SURPLUS (DEFICIT)	<u>\$ (142,588)</u>	<u>\$ 5,437</u>	<u>\$ 123,694</u>	<u>\$ 18,707</u>	<u>\$ 2,448,983</u>	<u>\$ (1,431,958)</u>