

Nisichawayasihk Cree Nation
Consolidated Financial Statements
March 31, 2016

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Management's Responsibility

To the Members of Nisichawayasihk Cree Nation:

The accompanying consolidated financial statements of Nisichawayasihk Cree Nation (the "First Nation") are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Nisichawayasihk Cree Nation Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Chief and Council on behalf of the Members to audit the consolidated financial statements and report directly to the Members; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

December 19, 2016



Comptroller

Independent Auditors' Report

To the Members of Nisichawayasihk Cree Nation:

We have audited the accompanying consolidated financial statements of Nisichawayasihk Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations, accumulated remeasurement gains, changes in accumulated surplus, changes in net financial assets 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.

Auditors' 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 auditors' 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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Nisichawayasihk Cree Nation as at March 31, 2016 and the results of its operations, accumulated remeasurement gains, accumulated surplus, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba

December 19, 2016

MNP LLP

Chartered Professional Accountants

Nisichawayasihk Cree Nation
Consolidated Statement of Financial Position
As at March 31, 2016

2016 2015

Financial assets

Cash (Note 3)	12,473,780	6,913,055
Accounts and advances receivable (Note 4)	5,441,649	8,001,637
Inventory (Note 6)	2,963,123	2,823,119
Restricted cash (Note 7)	2,416,820	2,733,915
Investment in partnership (Note 8)	142,712,136	136,432,764
Investments (Note 9)	47,325,084	45,653,541

213,332,592 202,558,031

Liabilities

Bank indebtedness (Note 10)	971,471	743,287
Operating line of credit (Note 11)	1,205,000	1,870,000
Accounts payable and accruals (Note 12)	7,052,755	8,696,388
Deferred revenue (Note 13)	2,130,778	2,091,966
Long-term debt (Note 14)	150,262,469	138,248,188

161,622,473 151,649,829

Net financial assets

51,710,119 50,908,202

Commitments (Note 15)

Contingent liabilities (Note 16)

Significant events (Note 18)

Non-financial assets

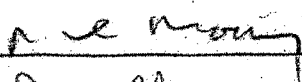

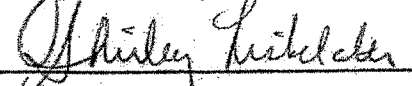

Tangible capital assets (Note 17) (Schedule 1)	60,858,132	62,287,179
Prepaid expenses	148,424	122,926
Deferred expenditures	2,209,539	1,874,427
Capital construction in progress	2,628,878	228,369

65,844,973 64,512,901

Accumulated surplus (Note 22)

117,555,092 115,421,103

Approved by Chief and Council

Chief

Councillor

Councillor

Councillor

Councillor

Councillor

Councillor

Nisichawayasihk Cree Nation

Consolidated Statement of Operations

For the year ended March 31, 2016

	Schedules	2016 Budget	2016	2015
Revenue				
Business revenue		40,962,465	36,407,935	34,210,661
Indigenous and Northern Affairs Canada (INAC) (Note 19)		19,827,794	23,598,099	23,395,203
First Nations and Inuit Health (FNIH) (Note 20)		2,392,185	8,167,243	4,946,302
VLT revenue (net of payouts and MLC sweep)		1,742,532	2,259,976	1,932,631
Investment and interest		1,779,882	1,947,928	2,585,650
Other revenue		2,875,777	2,354,460	1,596,136
Tuition and training		1,910,366	1,572,422	1,135,693
Rent and resident fees		1,597,723	1,487,469	1,457,973
First Peoples Development Inc.		1,090,341	1,090,342	1,159,657
Manitoba Hydro		522,162	1,057,571	983,865
Northern Regional Health Authority		825,907	835,648	833,999
Province of Manitoba		-	811,596	697,523
Canada Mortgage and Housing Corporation		943,762	789,704	853,414
Government service fees - Family and Community Wellness Centre		-	276,715	274,142
Recoveries of funding		-	(75,103)	(30,237)
Revenue deferred in prior year (Note 13)		-	2,091,966	2,050,743
Revenue deferred to subsequent year (Note 13)		-	(2,130,778)	(2,091,966)
		76,470,896	82,543,193	75,991,389
Segment Expenses				
Band Support Administration	4	2,701,541	4,653,799	3,875,678
Income Assistance and Social Support Services	5	7,017,347	7,039,859	7,500,297
Personal Care Home	6	2,134,332	2,625,905	2,444,497
Education	7	8,887,526	10,105,738	9,395,216
Community Economic Development	8	515,469	230,342	251,947
Housing	9	2,534,312	2,922,213	2,952,936
Infrastructure and Capital Projects	10	1,688,189	2,783,992	2,598,548
Training and Employment	11	2,147,399	1,880,804	1,549,863
Public Works	12	3,054,027	3,433,259	3,425,857
Community Health and Welfare	13	2,587,591	5,472,913	5,039,967
Human Resource Development	14	1,210,341	1,268,518	1,325,300
Business Enterprises	15	28,887,304	30,801,131	30,280,403
Video Lottery Terminals	16	1,742,509	1,323,234	1,698,710
Settlement Trusts	17	10,529,180	5,697,570	3,182,600
Total segment expenses (Schedule 2)		75,637,067	80,239,277	75,521,819
Annual surplus from operations before other items		833,829	2,303,916	469,570
Other items				
Gain on disposal of tangible capital assets		-	6,500	19,312
Annual surplus		833,829	2,310,416	488,882

The accompanying notes are an integral part of these consolidated financial statements

Nisichawayasihk Cree Nation

Consolidated Statement of Accumulated Remeasurement Gains

For the year ended March 31, 2016

	2016 <i>Budget</i>	2016	2015
Accumulated remeasurement gains, beginning of year	177,060	177,060	163,075
Unrealized gains (losses) on investments	-	(176,427)	13,985
Accumulated remeasurement gains, end of year	177,060	633	177,060

The accompanying notes are an integral part of these consolidated financial statements

Nisichawayasihk Cree Nation

Consolidated Statement of Changes in Accumulated Surplus

For the year ended March 31, 2016

	2016 <i>Budget</i>	2016	2015
Accumulated surplus from operations, beginning of year	115,244,043	115,244,043	114,755,161
Annual surplus from operations	833,829	2,310,416	488,882
Accumulated surplus from operations, end of year	116,077,872	117,554,459	115,244,043
Accumulated remeasurement gains, beginning of year	177,060	177,060	163,075
Unrealized gains (losses) on investments	-	(176,427)	13,985
Accumulated remeasurement gains, end of year	177,060	633	177,060
Accumulated surplus, end of year	116,254,932	117,555,092	115,421,103

The accompanying notes are an integral part of these consolidated financial statements

Nisichawayasihk Cree Nation

Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31, 2016

	2016 <i>Budget</i>	2016	2015
Annual surplus from operations	833,829	2,310,416	488,882
Remeasurement gains (losses)	-	(176,427)	13,985
	833,829	2,133,989	502,867
Purchases of tangible capital assets	-	(3,913,915)	(2,996,324)
Amortization of tangible capital assets	-	5,321,112	5,220,210
Gain on disposal of tangible capital assets	-	(6,500)	(19,312)
Proceeds of disposal of tangible capital assets	-	28,350	53,250
Acquisition of capital construction in progress	-	(2,400,509)	(228,369)
Use of capital construction in progress	-	-	1,701,138
	-	(971,462)	3,730,593
Acquisition of prepaid expenses	-	(148,424)	(122,926)
Use of prepaid expenses	-	122,926	237,852
Acquisition of deferred expenditures	-	(335,112)	(222,247)
	-	(360,610)	(107,321)
Increase in net financial assets	833,829	801,917	4,126,139
Net financial assets, beginning of year	50,908,202	50,908,202	46,782,063
Net financial assets, end of year	51,742,031	51,710,119	50,908,202

The accompanying notes are an integral part of these consolidated financial statements

Nisichawayasihk Cree Nation

Consolidated Statement of Cash Flows

For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from Aboriginal Affairs and Northern Development Canada	23,828,569	23,490,541
Cash receipts from First Nations and Inuit Health	8,269,836	4,927,063
Cash receipts from First Peoples Development Inc.	1,090,342	1,159,657
Cash receipts from Province of Manitoba	1,000,091	802,016
Cash receipts from other government agencies	1,660,180	2,215,123
Cash receipts from customers	38,665,396	32,962,494
Cash receipts from other contributors	8,692,021	7,654,797
Cash receipts from interest and investment income	1,935,558	2,756,327
Cash paid for operating expenses	(54,305,764)	(47,738,322)
Cash paid for salaries, honoraria, wages and benefits	(22,018,721)	(21,440,911)
Cash paid for interest on long-term debt	(402,815)	(425,122)
	8,414,693	6,363,663
Financing activities		
Repayment of operating line of credit	(665,000)	(550,000)
Advances of long-term debt	12,014,281	1,057,497
Repayment of long-term debt	(6,614,484)	(6,012,997)
Increase in bank indebtedness	228,184	265,972
	4,962,981	(5,239,528)
Capital activities		
Cash paid for capital construction in progress	(2,400,509)	(228,369)
Cash paid for acquisition of tangible capital assets	(3,913,915)	(1,295,186)
Proceeds from disposal of tangible capital assets	28,350	53,250
	(6,286,074)	(1,470,305)
Investing activities		
Cash paid for investment in partnership	-	(330,000)
Cash received for redemption of investments (net of reinvestments)	(1,847,970)	281,468
Restricted cash	317,095	(1,116,899)
	(1,530,875)	(1,165,431)
Increase (decrease) in cash resources	5,560,725	(1,511,601)
Cash resources, beginning of year	6,913,055	8,424,656
Cash resources, end of year	12,473,780	6,913,055

The accompanying notes are an integral part of these consolidated financial statements

Nisichawayasihk Cree Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

1. Operations

Nisichawayasihk Cree Nation (the "First Nation") is located in the Province of Manitoba and provides various services to its Members. The First Nation's financial reporting entity includes all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity. Any trusts administered on behalf of third parties by Nisichawayasihk Cree Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Nisichawayasihk Cree Nation
- Nisichawayasihk Cree Nation Income Assistance Program
- Nisichawayasihk Education Authority
- Nelson House Development Corporation
- Nisichawayasihk Cree Nation Housing Authority
- Nisichawayasihk Personal Care Home Inc.
- Nisichawayasihk Construction, L.P.
- NH 313 Inc.
- Nisichawayasihk Catering, L.P.
- NCN Catering GP Corp.
- Taskinigahp Power Corporation
- Meetah Building Supplies Corp.
- Otohwin Gas Bar
- Rising Sun Restaurant and Commercial Complex
- NCN High Speed Internet
- NCN Store
- 6614532 Manitoba Ltd.
- Nisichawayasihk Cree Nation VLT Program
- Gilbert McDonald Arena
- Nisichawayasihk Trust
- Nisichawayasihk Trust Office
- Taskinigahp Trust
- Taskinigahp Trust Office
- Wuskwatim Implementation Office
- Aski'Otutoskeo Limited Partnership
- Aski'Nanakuchekewin General Partner Ltd.
- Atoskiwin Training and Employment Centre Inc.
- Nelson House Medicine Lodge Inc.
- Nisichawayasihk Cree Nation Human Resource Development Authority
- Pe Ta Pun Trust
- Mystery Lake Motor Hotel Limited Partnership
- 3547958 Manitoba Ltd.
- 4131118 Manitoba Ltd.
- 7226986 Manitoba Ltd.

All inter-entity balances and transactions have been eliminated on consolidation.

2. Significant accounting policies *(Continued from previous page)*

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Financial instruments

Amortized cost

The First Nation has classified the following financial assets in the amortized cost category: cash, accounts and advances receivable, restricted cash and investment in partnership. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Cash, accounts and advances receivable, restricted cash and investment in partnership are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal payments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability.

The First Nation has classified the following liabilities in the amortized cost category: bank indebtedness, operating line of credit, accounts payable and accruals and long-term debt. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Bank indebtedness, operating line of credit, accounts payable and accruals and long-term debt are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to their net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.

Fair value

The First Nation has classified investments in the fair value category. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Investments are subsequently measured at their fair value. Investments in equity instruments that do not have quoted market prices in an active market are measured at fair value using alternative means of estimation. Gains and losses arising from changes in fair value, except for impairment losses and foreign exchange translation adjustments, are recognized in the consolidated statement of remeasurement gains as a remeasurement gain or loss, until the financial asset is sold or otherwise derecognized. Upon derecognition, the cumulative gain or loss previously recognized in the consolidated statement of remeasurement gains is transferred to the consolidated statement of operations.

Cash

Cash includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

2. Significant accounting policies *(Continued from previous page)*

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position as a component of restricted cash. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Deferred expenditures

The First Nation defers interest charges on certain loans that are only repayable from profits received from the Taskinipahp Power Limited Partnership. These expenditures will be recognized as they are repaid.

Investment in partnership

The investment in partnership is accounted for in accordance with the cost method.

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Non-financial assets

The First Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Tangible capital assets are amortized annually using the straight line and declining balance methods (except where noted after the list below) at the following rates which are intended to amortize the cost of the assets over their estimated useful lives:

	Method	
Buildings and trailers	straight-line	30 years
Computer hardware and software	declining balance	25-100 %
Fencing	declining balance	10 %
Fuel tanks	declining balance	10 %
Furniture and fixtures	declining balance	10-20 %
Housing	straight-line	25 years
Infrastructure	straight-line	40 years
Landscaping	declining balance	100 %
Leasehold improvements	straight-line	3-10 years
Office and other equipment	declining balance	20 %
Vehicles and machinery	declining balance	10-30 %

2. Significant accounting policies *(Continued from previous page)*

For the asset categories where amortization is calculated using the declining balance method, amortization of both acquisitions and disposals is charged at one-half of the above rates except for landscaping additions which are amortized at the full rate. For asset categories where amortization is calculated using the straight-line method, amortization is charged at the full rate in the year of acquisition.

The tangible capital assets of 3547958 Manitoba Ltd., Meetah Building Supplies Corp. and Rising Sun Restaurant and Commercial Complex are amortized annually using the straight-line method at the following rates which are intended to amortize the cost of the assets over their estimated useful lives:

Buildings and trailers	20-40 years
Computer hardware and software	3-5 years
Furniture and fixtures	5 years
Infrastructure	25 years
Vehicles and machinery	5 years

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, exceeds the value of future economic benefits associated with the asset. Impairment is measured as the amount by which the assets' carrying value exceeds the residual value of the assets' service potential to the First Nation. Any impairment is included in operations for the year.

Capital construction in progress

The First Nation uses an external project manager for all capital projects. Costs have been included in capital construction in progress and will be included as acquisitions of tangible capital assets upon completion.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First 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. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2016.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Revenue recognition

Government Transfers

Government transfer revenue which includes grants from Indigenous and Northern Affairs Canada, First Nations and Inuit Health, Manitoba Hydro, Province of Manitoba, First Peoples Development Inc., Northern Regional Health Authority and Canada Mortgage and Housing Corporation are recognized as the funding becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relates to a subsequent fiscal year is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt, and is matched with the related department expenses in the year of their occurrence. Funding that is restricted for particular purposes is deferred and recognized when the eligible expenses have been incurred.

2. Significant accounting policies *(Continued from previous page)*

The First Nation recognizes VLT revenue as the net win from gaming activities (the difference between gaming wins and gaming losses), consisting of slot machines, on a daily basis. Gaming revenue is net of commissions paid to Manitoba Liquor & Lotteries Corporation. Management believes that it is appropriate to present these commissions net of gaming revenue as these amounts are fixed as per their agreement with Manitoba Liquor & Lotteries Corporation.

Business revenue is recognized when the services are provided or the goods are shipped and subsequent collection is reasonably assured.

Rent and resident fees are recorded in the year earned. At the end of each year, management evaluates the extent of the collectability of its rent revenue and records a bad debt expense and an allowance for doubtful accounts for amounts designated as unlikely to be collected.

Tuition and training revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment and interest revenue is recognized on an accrual basis in the year that it is earned.

All other types of revenue are recognized by the First Nation when the services are provided or the goods are shipped.

Employee future benefits

The First Nation's employee future benefit programs consist of defined contribution pension plans. The First Nation's contributions to the defined contribution plans are expensed as incurred.

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 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 reporting period.

Accounts receivable and advances receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Inventory is stated after provisions have been made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Deferred revenue is recorded based on management's analysis of the extent to which eligibility requirements have been met on government transfer revenue.

These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the consolidated statement of operations in the year in which they become known.

2. Significant accounting policies *(Continued from previous page)*

Segments

The First Nation conducts its business through fourteen reportable segments as identified below. These operating segments are established and assessed annually by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions and to assess operational performance.

For all reported segments, assets, liabilities, revenue and expenses represent amounts directly attributable to the segment.

These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Band Support Administration - activities include the governance function relating to decisions that define expectations, grant power or verify performance consisting of decision-making and leadership processes.

Income Assistance and Social Support Services - activities include satisfying the economic, social or health related needs of members of the community who require assistance.

Personal Care Home - activities include the provision of a residence for community members who can no longer care for themselves and to provide protection and care by experienced employees to those members.

Education - activities include overseeing many aspects of educational opportunities for its members at all levels of learning both within the community and externally.

Community Economic Development - benefits include greater use of land resources under the control of the community, better access to opportunities from land and resources beyond the control of the community, more and larger businesses and business opportunities within the community and a better economic environment.

Housing - activities include the provision of residential housing opportunities for community members.

Infrastructure and Capital Projects - activities include the planning, managing and delivery of large scale infrastructure and capital projects to the community.

Training and Employment - activities include the delivery of culturally sensitive employment services to assist community members in identifying and overcoming potential barriers to employment and to find and maintain meaningful employment.

Public Works - activities include the development and maintenance of the community's infrastructure, buildings, roads, bridges and related equipment and the provision of other more specialized community services.

Community Health and Welfare - activities include the delivery of programs to promote community-based health and to address environmental issues and non-insured health benefits.

Human Resource Development - activities include providing a framework for community members to develop their personal and organizational skills, knowledge and abilities related to their employment opportunities.

Business Enterprises - reports on the activities of the businesses that operate both within the community and externally which include the production of clean, renewable energy that generates revenue and the provision of training and employment to community members related to project opportunities.

Video Lottery Terminals (VLT) - activities include providing a form of gaming entertainment for community members which generates revenue for the discretionary needs of community members. This VLT segment excludes VLT operations that are otherwise included in the Business Enterprises segment.

Settlement Trusts - activities include generating revenue from investments to subsidize special events, programming and projects within the community.

Nisichawayasihk Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

3. Cash

	2016	2015
Band Support Administration	128,318	-
Business Enterprises	1,931,533	1,159,506
Community Economic Development	9,665	43,150
Community Health and Welfare	288,056	573,444
Education	618,031	212,979
Housing	10,536	25,302
Human Resource Development	282,861	275,994
Infrastructure and Capital Projects	33,081	186,509
Personal Care Home	488,619	9,988
Public Works	152,018	425,998
Settlement Trusts	7,909,734	3,949,357
Training and Employment	112,148	22,398
Video Lottery Terminals	24,694	28,430
	12,473,780	6,913,055

4. Accounts and advances receivable

	2016	2015
Indigenous and Northern Affairs Canada (Note 5)	878,690	1,109,160
Accrued interest receivable	449,026	436,656
Advances to employees and community members	1,386,305	1,227,380
Canada Mortgage and Housing Corporation	64,581	99,409
First Nations and Inuit Health	738,435	841,028
Frontier School Division	231,525	234,675
Goods and services tax and other taxes receivable	74,810	88,805
Incorporated Community of Nelson House	150,000	90,000
Manitoba Hydro	131,758	1,758,200
Miscellaneous	113,072	127,254
Nelson House Treaty Land Entitlement Trust	115,117	115,117
Province of Manitoba	315,947	504,442
Rent and residential fees receivable	39,076	22,484
Trade receivables	2,098,913	2,729,932
Less: allowance for doubtful accounts	(1,345,606)	(1,382,905)
	5,441,649	8,001,637

The allowance for doubtful accounts as at March 31, 2016 consists of \$1,264,672 (2015 - \$1,150,933) related to advances to employees and community members and \$80,934 (2015 - \$231,972) related to trade receivables.

Nisichawayasihk Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

5. Accounts receivable from Indigenous and Northern Affairs Canada

	2016	2015
2015/2016 Block funding (Income Assistance)	470,871	-
2015/2016 Block funding (Assisted Living)	104,904	-
2015/2016 Block funding (Economic Development)	3,737	-
2015/2016 Block funding (Education Facilities O&M)	68,303	-
2015/2016 Block funding (Other Capital)	201,593	-
2015/2016 Block funding (Other Facilities O&M)	29,282	-
2013/2014 Contribution funding	-	16,750
2014/2015 Block funding (Assisted Living)	-	51,408
2014/2015 Block funding (Economic Development)	-	7,322
2014/2015 Block funding (Education Facilities O&M)	-	92,451
2014/2015 Block funding (Elementary/Secondary)	-	157,912
2014/2015 Block funding (Income Assistance)	-	230,751
2014/2015 Block funding (Indian Government Support)	-	139,584
2014/2015 Block funding (LTS Core - Registration & Membership)	-	1,174
2014/2015 Block funding (Other Capital)	-	272,867
2014/2015 Block funding (Other Facilities O&M)	-	39,635
2014/2015 Block funding (Post Secondary Education)	-	37,351
2014/2015 Block funding (Water & Sewer Facilities O&M)	-	8,141
2014/2015 Contribution funding (Economic Capacity Development)	-	53,814
	878,690	1,109,160

6. Inventory

	2016	2015
Business Enterprises - finished goods	2,963,123	2,823,119

Inventory consists entirely of finished goods available for sale. The cost of inventories recognized as an expense and included in cost of sales amounted to \$18,695,371 for the year ended March 31, 2016 (2015 – \$17,131,408).

Nisichawayasihk Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

7. Restricted cash

	2016	2015
Ottawa Trust Fund - revenue trust monies	47,987	46,168
CMHC replacement reserve	1,345,492	1,198,064
CMHC subsidy surplus reserve	39,459	235,020
FNIH movable capital asset replacement reserve	47,002	31,198
P.M. Associates Ltd.	69,520	107,575
Claim 138	867,360	1,115,891
	2,416,820	2,733,916

Ottawa Trust Fund

The Ottawa Trust Fund arises 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is similarly governed by Sections 63 to 69 of the Indian Act. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned, when it is measurable and when collection is reasonably assured. Capital and Revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with consent of the First Nation's Chief and Council.

Capital trust	\$0 (2015 - \$0); 2016 interest revenue - \$0 (2015 - \$0)
Revenue trust	\$47,987 (2015 - \$46,168); 2016 interest revenue - \$1,819 (2015 - \$1,719); MTS Allstream tower permit - \$0 (2015 - \$860)

CMHC replacement reserve

As required as part of the First Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to the houses. Under the terms of the agreements with CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time.

CMHC subsidy surplus reserve

Under the terms of the agreements with CMHC, excess federal assistance payments received may be retained in a subsidy surplus reserve. The reserve is to be comprised of monies deposited in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants.

FNIH moveable capital asset replacement reserve

Under the terms of the FNIH Transfer Agreement, a separate bank account has been established for the replacement and acquisition of capital assets. This funding is an allocation (2016 - \$31,597; 2015 - \$31,198) from operating funds along with accumulated interest and must be held in a separate bank account.

P.M. Associates Ltd.

Funds held with P.M. Associates Ltd. relate to funding received that must be spent on particular capital projects.

Claim 138

A portion of cash in the amount of \$867,360 (2015 - \$1,115,890) has been designated for and can only be used to improve the quality of potable water under the terms of the Claim 138 Settlement Agreement between five First Nations (including Nisichawayasihk Cree Nation) and the Department of Indigenous and Northern Affairs Canada. This designated cash amount has been treated as deferred revenue as shown in note 13. The bank balance is underfunded by \$754,750 at March 31, 2016 (underfunded by \$741,545 at March 31, 2015).

Nisichawayasihk Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

8. Investment in partnership

The First Nation has an investment in the following limited partnership:

				2016
	<i>Investment, beginning of year</i>	<i>Purchase of units</i>	<i>Interest charges</i>	<i>Investment, end of year</i>
Wuskwatim Power Limited Partnership - 33%, at cost	108,790,000	-	-	108,790,000
Wuskwatim Power Limited Partnership - 33%, deferred interest charges	27,642,764	-	6,279,372	33,922,136
	136,432,764	-	6,279,372	142,712,136

				2015
	<i>Investment, beginning of year</i>	<i>Purchase of units</i>	<i>Interest charges</i>	<i>Total investment</i>
Wuskwatim Power Limited Partnership - 33%, at cost	108,460,000	330,000	-	108,790,000
Wuskwatim Power Limited Partnership - 33%, deferred interest charges	21,555,719	-	6,087,045	27,642,764
	130,015,719	330,000	6,087,045	136,432,764

The First Nation owned 108,790 units in the Wuskwatim Power Limited Partnership (WPLP) valued at \$1,000 per unit for a total of \$108,790,000 as at March 31, 2016 (March 31, 2015 - 108,460 units valued at \$108,790,000). Deferred interest charges of \$33,922,136 as at March 31, 2016 (March 31, 2015 - \$27,642,764) represent the accrued interest on the loan with Manitoba Hydro related to the First Nation's investment in WPLP. These interest charges will continue to be carried at cost and expensed against related partnership income.

Nisichawayasihk Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

9. Investments

	2016	2015
Training and Employment investments (short-term guaranteed investment certificate)	-	106,270
Cash account	-	18
Mutual funds (money market funds)	382,060	378,794
Band Support Administration investments	382,060	378,812
Bank of Montreal, due August 2016, 2.96%	110,734	112,656
GE Capital Canada Funding, matured June 2015, 4.24%	-	100,572
Manitoba Hydro-Electric Board Series 5C-1 Promissory Note, due Dec 2024, 3.723%	10,000,000	10,000,000
Manitoba Hydro-Electric Board Series 5C-2 Promissory Note, due Dec 2029, 4.049%	10,000,000	10,000,000
Manitoba Hydro-Electric Board Series 5C-3 Promissory Note, due Dec 2034, 4.245%	10,000,000	10,000,000
Manitoba Hydro-Electric Board Series 5C-4 Promissory Note, due Dec 2039, 4.311%	10,000,000	10,000,000
Province of New Brunswick Sinking Fund Debentures, due June 2020, 4.50%	168,909	173,895
Province of Ontario Debenture, due March 2018, 4.20%	212,654	219,050
Province of Quebec, due December 2018, 4.50%	218,443	224,996
Cash account	-	12
Guaranteed investment certificate, due April 2016, 0.55%	46,231	46,099
Guaranteed investment certificate, due October 2016, 1.05%	54,671	54,671
Mutual funds (money market funds)	-	29,881
American Express Canada, due March 2018, 2.31%	306,479	310,601
Canada Treasury Bills, varying rates 0.40% to 0.50%	1,037,871	1,350,539
Canadian Imperial Bank of Commerce Deposit Note, due July 2017, 3.95%	597,814	612,905
Canadian Natural Resources, due December 2019, 2.60%	481,330	511,390
HSBC Bank Canada, due January 2020, 2.938%	103,160	105,841
Hydro One Inc. Series 25, due January 2022, 3.20%	64,439	65,822
Province of Quebec, due December 2016, 4.50%	625,317	647,771
Wells Fargo Financial Canada, matured June 2015, 4.38%	-	601,758
Bank of Nova Scotia, 2.13%, due 15/06/20	710,570	-
Royal Bank Senior Deposit Note, 2.77% due 11/12/2018	413,456	-
RBC Canadian Money Market Fund	87,307	-
Bissett Canadian Dividend Fund -F	609,163	-
Capital Intl Global Equity CL F	569,893	-
PH&N total return bond FD Ser-F	524,583	-
Settlement Trusts investments	46,943,024	45,168,459
	47,325,084	45,653,541

The cost of the above investments was \$47,320,801 at March 31, 2016 (2015 - \$45,486,132).

Nisichawayasihk Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

10. Bank indebtedness

	2016	2015
Gilbert McDonald Arena - Revolving demand facility, bearing interest at prime (2.70%) plus 5.00%, requiring monthly payments of interest, secured by a general security agreement	-	3,526
Nisichawayasihk Cree Nation Income Assistance Program - Revolving demand facility, bearing interest at prime (2.70%) plus 5.00%, requiring monthly payments of interest, secured by a general security agreement	-	1,240
Cheques outstanding in excess of cash on deposit	971,471	738,521
	971,471	743,287

11. Operating line of credit

	2016	2015
Operating line of credit bearing interest at the rate of prime (2.70%) plus 1.00%, paid monthly, that must be revolved annually by April 30th, secured by a general security agreement	1,205,000	1,505,000
Operating line of credit (maximum \$275,000) bearing interest at the rate of prime (2.70%) plus 2.00%, secured by a general security agreement	-	145,000
Operating line of credit (maximum of \$200,000) bearing interest at the rate of prime (2.70%) plus 2.00%, unsecured	-	110,000
Operating line of credit bearing interest at the rate of prime (2.70%) plus 2.00%, secured by a general security agreement	-	110,000
	1,205,000	1,870,000

12. Accounts payable and accrued liabilities

	2016	2015
Indigenous and Northern Affairs Canada	6,623	6,623
Trade payables	7,046,132	8,690,065
	7,052,755	8,696,688

13. Deferred revenue

	2016	2015
Manitoba Hydro - Claim 138 (Schedule 10)	1,622,110	1,857,435
Tuition and training fees prepaid (Schedule 11)	5,623	5,623
Pow wow (Schedule 13)	39,793	39,793
Pow wow harbour (Schedule 13)	6,000	6,000
First Peoples Training and Employment fund (Schedule 14)	38,568	-
CRF Early Childhood Fund (Schedule 14)	35,766	58,427
NCN Training Fund (Schedule 14)	114,987	124,688
FNIHB funding for Nursing Station repairs (Schedule 13)	267,931	-
	2,130,778	2,091,966

Nisichawayasihk Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

14. Long-term debt

	2016	2015
Manitoba Hydro, loan to be repaid from a percentage of Taskinighap Power Corporation's (TPC's) share of income from the Wuskwatim Power Limited Partnership (WPLP). Interest on this loan accrues at the Canadian short-term borrowing costs plus 2.00% per annum (5.376% at March 31, 2016), compounded semi-annually, secured by TPC's units in WPLP and all distributions on those units. The total balance of this loan includes accrued interest payable of \$33,922,136 at March 31, 2016 (2015 - \$27,642,764)	121,534,136	115,254,764
Royal Bank of Canada, demand loan repayable in monthly installments of \$2,036 plus interest at the rate of prime (2.70%) plus 2.25% per annum, secured by houses, matures May 2036	489,802	514,230
Royal Bank of Canada, demand loan repayable at \$1,685 per month including interest at the rate of prime (2.70) plus 1.5% per annum, matures January 2019 **	53,831	71,344
Royal Bank of Canada, demand loan repayable at \$9,516 per month plus interest at the rate of prime (2.70%) plus 1.50% per annum, matures March 2021 **	570,818	685,008
Royal Bank of Canada, demand loan repayable at \$10,681 per month plus interest at the rate of prime (2.70%) plus 1.50% per annum, matures February 2021 **	630,163	758,332
Royal Bank of Canada, demand loan repayable at \$7,590 per month including interest at the rate of prime (2.70%) plus 1.50% per annum, matures March 2017 **	82,521	168,092
Royal Bank of Canada, mortgage repayable at \$3,577 per month including interest at a fixed rate of 2.95% per annum, matures September 2032 *	560,244	586,180
Manitoba Hydro, comprised of three facilities. The first facility is to be repaid in equal and consecutive annual payments of \$75,000 on or before April 1 each year through funding received from the Province of Manitoba, bearing interest at the Royal Bank prime rate (2.70%), compounded annually, secured by an assignment dated March 3, 2003 of all the First Nation's right, title and interest in and to the proceeds receivable by the First Nation under the memorandum of understanding up to a maximum of \$75,000 per year until the original advance of \$1,000,000 plus interest is fully paid. Facilities 2 and 3 are demand loans with no fixed terms of repayment, bearing interest at the Royal Bank prime rate (2.70%), compounded annually, secured by a guarantee of the due payment and discharge of all of the First Nation's indebtedness and liability to Manitoba Hydro for this loan and an assignment, pledge and hypothecation to Manitoba Hydro of, and a grant to Manitoba Hydro of a security interest in, each of the units in Wuskwatim Power Limited Partnership registered in the name of Taskinighap Power Corporation up to the amount of the original advance of \$1,000,000 plus all accrued interest	6,662,336	6,778,077
Manitoba Hydro, demand loan with no fixed terms of repayment, bearing interest at the Canadian Ten Year Rate (0.419%) plus 3% per annum, compounded semi-annually, secured by a guarantee of the due payment and discharge of all of the First Nation's indebtedness and liability to Manitoba Hydro for this loan and an assignment, pledge and hypothecation to Manitoba Hydro of, and a grant to Manitoba Hydro of a security interest in, each of the units in Wuskwatim Power Limited Partnership registered in the name of Taskinighap Power Corporation up to the amount of the original advances plus accrued interest	6,113,233	592,381
Manitoba Hydro, demand loan repayable without interest and no fixed terms of repayment, due upon completion of the agreement.	-	100,000
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$8,962 including interest at 1.62% per annum, matures January 2018 *	194,160	297,645

Nisichawayasihk Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

14. Long-term debt *(Continued from previous page)*

	2016	2015
Royal Bank of Canada, mortgage repayable in monthly installments of \$4,077 including interest at a fixed rate of 2.75% per annum, matures January 2019*	133,175	177,768
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$2,943 including interest at 1.80% per annum, matures May 2017 with a scheduled renewal date of October 2016 *	40,747	74,998
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$4,300 including interest at 0.96% per annum, matures July 2017 *	68,334	118,424
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$4,831 including interest at 1.92% per annum, matures November 2018 *	150,607	205,124
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$4,859 including interest at 1.30% per annum, matures August 2024 with a scheduled renewal date of December 2020 *	464,658	514,263
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$2,498 including interest at 1.67% per annum, matures March 2027 with a scheduled renewal date of April 2017 *	301,133	325,862
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$1,986 including interest at 2.11% per annum, matures October 2028 with a scheduled renewal date of January 2019 *	263,255	281,331
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$8,122 including interest at 2.11% per annum, matures November 2018 *	252,519	343,614
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$1,825 including interest at 1.05% per annum, matures March 2030 with a scheduled renewal date of April 2020 *	285,135	303,727
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$1,910 including interest at 1.08% per annum, matures June 2030 with a scheduled renewal date of August 2020 *	302,648	321,163
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$2,840 including interest at 1.05% per annum, matures March 2030 with a scheduled renewal date of April 2020 *	443,646	472,575
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$2,227 including interest at 2.63% per annum, matures June 2031 with a scheduled renewal date of June 2016 *	335,755	353,421
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$3,831 including interest at 1.62% per annum, matures January 2033 with a scheduled renewal date of March 2018 *	677,179	711,881
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$2,492 including interest at 1.62% per annum, matures March 2033 with a scheduled renewal date of March 2018 *	444,372	466,889
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$6,738 including interest at 0.94% per annum, matures September 2035 with a scheduled renewal date of September 2020 *	1,440,393	1,502,662

Nisichawayasihk Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

14. Long-term debt *(Continued from previous page)*

	2016	2015
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$3,633 including interest at 1.82% per annum, matures November 2036 with a scheduled renewal date of December 2016 *	749,244	778,930
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$3,638 including interest at 1.65% per annum, matures September 2036 with a scheduled renewal date of September 2016 *	758,651	789,522
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$3,801 including interest at 1.65% per annum, matures September 2036 with a scheduled renewal date of September 2016 *	791,135	823,416
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$3,948 including interest at 1.98% per annum, matures May 2039 with a scheduled renewal date of May 2019 *	880,601	910,258
Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$3,892 including interest at 1.82% per annum, matures September 2039 with a scheduled renewal date of September 2019 *	893,172	878,981
First Peoples Economic Growth Fund, loan repayable in monthly principal payments of \$3,573 without interest, secured by a general security agreement and an assignment of insurance on the assets of 6614532 Manitoba Ltd. (O/A - Thompson Family Foods Store), maturing January 2021	214,248	257,124
Royal Bank of Canada, demand loan repayable in monthly installments of \$132 plus interest at the rate of prime (2.70%) plus 2.25% per annum, secured by equipment, matures July 2016	395	2,107
Royal Bank of Canada, demand loan repayable in monthly installments of \$756 plus interest at the rate of prime (2.70%) plus 2.25% per annum, secured by equipment, matures December 2015	-	6,803
GMAC, loan repayable in monthly principal payments of \$729 without interest, secured by a vehicle, maturing August 2018	11,670	20,421
Royal Bank of Canada, demand loan repayable in monthly installments of \$180 plus interest at the rate of prime (2.70%) plus 2.25% per annum, secured by equipment, matures June 2015	-	789
Royal Bank of Canada, demand loan repayable in monthly installments of \$2,925 plus interest at the rate of prime (2.70%) plus 1.50% per annum, matures January 2023 **	238,850	273,950
Royal Bank of Canada, demand loan repayable in monthly installments of \$962 plus interest at the rate of prime (2.70%) plus 1.125% per annum, matures August 2019 **	32,722	44,266
Royal Bank of Canada, demand loan repayable in monthly installments of \$959 plus interest at the rate of prime (2.70%) plus 1.125% per annum, matures April 2017 **	10,327	21,831
Royal Bank of Canada, demand loan repayable in monthly installments of \$835 plus interest at the rate of prime (2.70%) plus 1.130% per annum, matures March 2018 **	19,940	29,960
Royal Bank of Canada, demand loan repayable in monthly installments of \$335 plus interest at the rate of prime (2.70%) plus 2.25% per annum, secured by equipment, maturing September 2016	1,950	5,970

Nisichawayasihk Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

14. Long-term debt *(Continued from previous page)*

	2016	2015
Royal Bank of Canada, demand loan repayable in quarterly installments of \$64,189 including interest at a fixed rate of 3.21% per annum, matures December 2020**	1,127,015	1,342,297
Royal Bank of Canada, demand loan repayable in monthly installments of \$707 including interest at a fixed rate of 5.99% per annum, matures June 2018**	22,666	29,562
Royal Bank of Canada, demand loan repayable in monthly installments of \$333 plus interest at the rate of prime (2.70%) plus 2.25% per annum, secured by equipment, matures November 2018	6,667	10,667
Royal Bank of Canada, demand loan repayable in monthly installments of \$884 including interest at a fixed rate of 4.99% per annum, secured by equipment, matures May 2018	20,970	30,277
Royal Bank of Canada, demand loan repayable in monthly installments of \$710 plus interest at the rate of prime (2.70%) plus 1.125% per annum, matures July 2016 **	2,782	11,302
Royal Bank of Canada, demand construction loan, requiring interest only payments at the rate of prime (2.70%) plus 2% per annum, to be converted to a mortgage upon completion of the project	925,655	-
First People Economic Growth Fund (FPEGF), demand loan repayable in 120 equal monthly installments of \$7,771 commencing October 2016, including interest at a fixed rate of 6.0%, matures September 2026 ***	700,000	-
First People Economic Growth Fund (FPEGF), demand loan repayable in 120 equal monthly installments of \$2,500, commencing October 2016, interest rate of 0% ***	300,000	-
Royal Bank of Canada, demand loan repayable in monthly installments of \$729 plus interest at a rate of prime (2.70%) plus 2% per annum, secured by equipment, matures November 2018	32,083	-
Royal Bank of Canada, demand loan repayable in monthly installments of \$748 plus interest at a rate of prime (2.70%) plus 2% per annum, secured by equipment, matures March 2019	26,926	-
	150,262,469	138,248,188

Nisichawayasihk Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

14. Long-term debt *(Continued from previous page)*

2016 **2015**

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2017	1,974,171
2018	1,810,435
2019	1,623,721
2020	1,476,929
2021	1,480,479

All of the mortgages contained in this note marked with a '*' are secured by:

- Directional Payment Agreements acknowledged by Indigenous and Northern Affairs Canada covering all First Nation funds;
- Canada Mortgage and Housing Corporation's undertaking to insure; and
- an assignment of fire insurance.

All of the loans contained in this note marked with a '**' are secured by:

- Directional Payment Agreements acknowledged by Indigenous and Northern Affairs Canada covering all First Nation funds;
- a guarantee and postponement of claim in the amount of \$1,839,273;
- a fixed and floating charge debenture in the amount of \$2,686,000;
- a supplemental debenture in the amount of \$2,685,000;
- a general security agreement; and
- an assignment of fire insurance.

All of the loans contained in this note marked with a '***' are secured by:

- a real Property Mortgage on certain lands in the amount of \$1,000,000 in favour of FPEG registered in second priority behind Royal Bank of Canada (RBC);
- a General Security Agreement over all assets of the First Nation and assignment of certain insurance policies, in priority only behind RBC;
- a signed Band Council Resolution, Access Agreement and Waiver of Indian Act rights signed by the First Nation.

15. Commitments

The First Nation has entered into a lease commitment. The base rent payable in each of the next five years is estimated as follows:

2017	\$314,522
2018	\$314,522
2019	\$314,522
2020	\$314,522
2021	\$314,522

16. Contingent liabilities

Business enterprise grants

In 2007, a grant was approved for the purchase of eligible equipment from Aboriginal Business Canada for \$500,000. The terms and conditions state that the equipment purchased has to be kept by Nisichawayasihk Construction, L.P. for a minimum of 10 years or the grant amount becomes repayable. As at March 31, 2016, the equipment was still in use and under the ownership of Nisichawayasihk Construction, L.P.

Lawsuits

In 2008, a supplier filed a lawsuit against Nisichawayasihk Construction, L.P. relating to outstanding invoices for unpaid repairs performed on construction equipment amounting to approximately \$2,000,000. The Limited Partnership is counter-suing in the amount of \$6,000,000 for the work performed as repairs were substandard in nature and, as a result, the Limited Partnership suffered significant losses arising from delays in the completion of the construction contracts. The likelihood and amount of any possible loss in this case is not determinable as at the audit report date.

A claim has been filed against Nisichawayasihk Cree Nation under the Canadian Human Rights Act. As of the date of the independent auditors' report, the likelihood of successfully defending this claim and the ultimate value of this claim was not determinable.

Loan guarantees

The First Nation has guaranteed a maximum line of credit of \$770,000 and a bank loan of \$35,306 (2015 - \$120,778) for Nisichawayasihk Cree Nation Family and Community Wellness Centre Inc. The line of credit balance as at March 31, 2016 was \$163,389 (2015 - \$438,675). Payment under this guarantee is required by the First Nation if there is a default in payment by Nisichawayasihk Cree Nation Family and Community Wellness Centre Inc. which has not occurred. As a result, no liability has been recorded with respect to this guarantee.

Funding recoveries

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. It has not yet been determined to what extent any funding amounts related to the year ended March 31, 2016 might be recovered.

First Nations Financial Transparency Act

The First Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to INAC by July 29, 2016. Since the audit report is dated after this date, the First Nation has not complied with this requirement. The possible effect of this non-compliance has not yet been determined.

Provision for site rehabilitation

The Manitoba Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive landfill sites. Under this environmental law, there is a requirement for closure and post-closure care of solid waste sites including final covering and landscaping and ongoing environmental monitoring, site inspection and maintenance.

As directed by PS 3270, a liability must be recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure care is recognized as the site capacity is used to the extent of the proportion of site capacity used compared to the estimated total expenditure required for closure and post-closure care.

The estimated total expenditure represents the sum of discounted future cash flows associated with closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future asset service potential, are expensed in the current year.

As at the audit report date, the extent to which the First Nation is bound by environmental laws of The Manitoba Environmental Protection Act was not determinable, and therefore, no liability has been recorded in these consolidated financial statements.

Nisichawayasihk Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

17. Segment information on tangible capital assets

Tangible capital assets are assigned to the First Nation's segments in accordance with management's determination as to the activities and services that will be facilitated as a result of ongoing ownership to the assets.

The net book value of tangible capital assets assigned to each segment is as follows:

	2016	2015
Band Support Administration	935,941	902,366
Business Enterprises	7,028,526	7,921,133
Community Economic Development	23,776	3,507
Community Health and Welfare	3,856,045	1,262,967
Education	1,342,867	1,440,146
Housing	12,709,080	13,907,540
Human Resource Development	2,829	3,797
Infrastructure and Capital Projects	32,641,512	34,579,433
Personal Care Home	350,094	355,621
Public Works	1,262,415	1,173,544
Training and Employment	30,896	8,098
Settlement Trusts	70,824	89,047
Video Lottery Terminals	603,327	639,980
	60,858,132	62,287,179

18. Significant events

During the year ended March 31, 2016, Nisichawayasihk Cree Nation's share of the loss in its investment in Wuskwatim Power Limited Partnership (WPLP) was \$10,162,833 (2015 - \$11,192,094) with cumulative losses totalling \$56,520,628 as at March 31, 2016. The partnership agreement provides for non-recourse loans from Manitoba Hydro to fund all partner cash call requirements.

Subsequent to year end, certain lands owned in the City of Thompson were designated reserve lands.

19. Indigenous and Northern Affairs Canada (INAC) revenue reconciliation

During the year, the First Nation recognized the following government transfers:

	2016	2015
INAC revenue per funding arrangement 0313-1112-05-000054 (Manitoba)	23,598,099	23,246,174
INAC revenue per funding arrangement 4694-1415-MB-000121 (Manitoba)	-	149,029
INAC revenue included in Consolidated Statement of Operations	23,598,099	23,395,203

Nisichawayasihk Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

20. First Nations and Inuit Health (FNIH) revenue reconciliation

	2016	2015
FNIH revenue per Nisichawayasihk Cree Nation's main funding agreement	3,392,552	3,106,390
FNIH revenue per Nelson House Medicine Lodge's transfer agreement	1,481,164	1,389,622
FNIH revenue per Nelson House Medicine Lodge's NNADAP funding	112,956	107,976
FNIH revenue per Nelson House Medicine Lodge's NNADAP worker retention	-	28,000
FNIH revenue per Nisichawayasihk Cree Nation's ambulance billings	414,655	314,314
FNIH revenue per Nisichawayasihk Cree Nation's repairs and renovation	2,765,916	-
	8,167,243	4,946,302

21. NCN and Sodexo Wuskwatim Joint Venture

Nisichawayasihk Catering, L.P. (51% ownership) entered into a joint venture with Sodexo MS Canada Ltd. (49% ownership) which is called NCN and Sodexo Wuskwatim Joint Venture (the Joint Venture) that was formed to provide catering, janitorial housekeeping, grounds keeping, security, general maintenance and snow removal services to the Wuskwatim Hydro-electric Generating Station. This business venture is accounted for using the modified equity method.

Nisichawayasihk Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

22. Accumulated surplus

Accumulated surplus consists of the following:

	2016	2015
Equity in Ottawa Trust Funds		
Balance, beginning of year	46,168	43,589
MTS Allstream tower permit	-	860
Interest income	1,819	1,719
	47,987	46,168
Equity in business partnerships:		
Balance, beginning of year	21,178,100	16,428,100
Contributions	-	4,750,000
	21,178,100	21,178,100
Equity in tangible capital assets		
Balance, beginning of year	47,278,442	49,922,598
Acquisition of tangible capital assets	3,913,915	2,996,324
Disposal of tangible capital assets - net book value	-	(33,938)
Amortization of tangible capital assets	(5,321,112)	(5,220,210)
Proceeds of long-term debt	(106,290)	(1,952,865)
Repayment of long-term debt	1,875,842	1,566,533
	47,640,797	47,278,442
Unrestricted surplus		
Balance, beginning of year	45,277,051	47,000,715
Annual surplus (deficit) from operations	2,310,416	488,882
Adjustment from equity in reserves	188,116	-
Change in equity in Ottawa Trust Funds	(1,819)	(2,579)
Change in equity in business partnerships	-	(4,750,000)
Change in equity in tangible capital assets	(362,355)	2,644,156
Change in equity in reserves	(155,787)	(104,123)
	47,255,622	45,277,051
Remeasurement gains (losses):		
Balance, beginning of year	177,060	163,075
Unrealized gains (losses) on investments	(176,427)	13,985
	633	177,060
Equity in reserves:		
Balance, beginning of year	1,464,282	1,360,159
Annual allocation	188,767	179,181
Adjustment to unrestricted surplus	(188,116)	-
Allocation from (to) subsidy surplus reserve	(1,445)	7,225
Interest revenue	3,715	4,226
Eligible purchases	(35,250)	(86,509)
	1,431,953	1,464,282
	117,555,092	115,421,103

23. Dividend loans

In accordance with an agreement termed the "NCN Financing Agreement", the First Nation can obtain annual loans from Manitoba Hydro (called dividend loans) which will be repaid solely from the First Nation's share of income from the Wuskwatim Power Limited Partnership (WPLP). The First Nation is both the borrower and the guarantor of these loans, using its partnership interest in WPLP as the only security.

The NCN Financing Agreement sets out the pre-conditions that must be met before any such loans can be made and the interest rate for such loans as well as the formula for determining the amount of the dividend loan.

Dividend loans of \$6,113,233 (including \$179,754 accrued interest at 3.419%, compounded annually were outstanding at March 31, 2016 (2015 - \$592,381 including \$28,901 accrued interest).

24. Economic dependence

Nisichawayasihk Cree Nation receives 29% (31% - March 31, 2015) of its revenue from Indigenous and Northern Affairs Canada (INAC) as a result of Treaties entered into with the Government of Canada. These Treaties are administered by INAC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

25. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

26. Financial instruments

The First Nation, as part of its operations, carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit risk

The First Nation believes that it is not exposed to significant credit risk from its accounts and advances receivable. Accounts receivable balances from the following funding sources at March 31, 2016 (39% of total accounts receivable; 2015 - 54%) are deemed to have minimal risk associated with collection pursuant to the terms of the related funding agreements:

Indigenous and Northern Affairs Canada	878,690 (2015 - 1,109,160)
Canada Mortgage and Housing Corporation	64,581 (2015 - 99,409)
First Nations and Inuit Health	738,435 (2015 - 841,028)
Manitoba Hydro	131,758 (2015 - 1,758,200)
Province of Manitoba	315,947 (2015 - 504,442)

Liquidity risk

The First Nation manages its liquidity risks by maintaining adequate cash and credit facilities and by updating and reviewing multi-year cash flow projections on a regular basis.

26. Financial instruments *(Continued from previous page)*

Price risk

Foreign currency risk:

The First Nation's functional currency is the Canadian dollar and virtually all purchases and revenue receipts are transacted in Canadian dollars. Management believes that foreign exchange risk from currency conversions is negligible.

Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities. If the interest rate increases by 0.25%, interest charges would increase by \$343,000 (2015 - \$313,000).

Fair value

The following illustrates the classification of the First Nation's instruments that are classified in the fair value category as at March 31, 2016 and March 31, 2015:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data.

The fair value hierarchy has remained consistent throughout the year.

The First Nation has classified investments in the fair value category as a level 1 financial asset with a fair value of \$47,325,084 as at March 31, 2016 (2015 - \$45,653,541).