



## OPASKWAYAK CREE NATION

P.O. BOX 10880 OPASKWAYAK, MANITOBA R0B 2J0

1-888-763-1566

TELEPHONE: (204)627-7100

ADMIN FAX NO.: (204)623-5263

CHIEF'S OFFICE FAX NO.: (204)623-3819

August 15, 2017

Winona Embuldeniya  
Regional Director General  
Programs and Partnerships Directorate  
Manitoba Region  
Indigenous & Northern Affairs Canada  
200-365 Hargrave St.  
Winnipeg, MB R3B 3A3

Dear Winona:

Enclosed please find the Opaskwayak Cree Nation Consolidated Audit 2016/2017.

It would be greatly appreciated if INAC's review for 2016/2017 is made available as soon as possible so any corrective actions that are identified can be rectified or corrected.

If you have any questions please call me at 204-627-7100.

Sincerely,

Christian Sinclair

Onekanew

Opaskwayak Cree Nation

c.c. Onekanew & Onsuchekawak  
Darryl Bauer, Director of Finance  
Rod Graham, Manager Zone 1, Funding Services Directorate  
Audrey Kozak-Dobush, Funding Services Officer  
Finance & Administration Committee  
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# OPASKWAYAK CREE NATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

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# OPASKWAYAK CREE NATION

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MARCH 31, 2017

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### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Opaskwayak Cree Nation are the responsibility of management and have been approved by Onekanew and Onuschekawak.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.


Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Onekanew and Onuschekawak is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

Onekanew and Onuschekawak 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 consolidated financial statements and the external auditors' report.

The external auditors, Collins Barrow HMA LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Opaskwayak Cree Nation and meet when required.

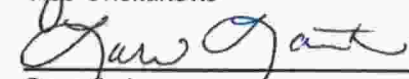
  
Onekanew

  
Onuschekawak

  
Onuschekawak

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Onuschekawak

  
Vice Onekanew

  
Onuschekawak

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Onuschekawak

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Onuschekawak

## **INDEPENDENT AUDITORS' REPORT**

To the Onekanew, Onushekawak and Membership  
Opaskwayak Cree Nation

We have audited the accompanying consolidated financial statements of Opaskwayak Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the 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 misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 Opaskwayak Cree Nation as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The Pas, Manitoba  
August 15, 2017

*Collins Barrow HMA LLP*  
Chartered Professional Accountants



# OPASKWAYAK CREE NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2017

2016

### FINANCIAL ASSETS

Cash (Note 2)	\$ 3,771,884	\$ 1,903,871
Restricted cash (Note 3)	3,797,940	4,646,775
Accounts receivable (Note 4)	7,278,675	4,874,759
Investments (Note 5)	9,503,821	12,005,349
Other assets (Note 6)	<u>50,000</u>	<u>50,000</u>
Total financial assets	<u>24,402,320</u>	<u>23,480,754</u>

### LIABILITIES

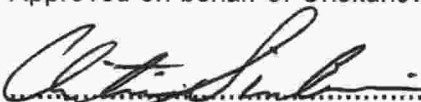
Bank indebtedness		3,000,000
Accounts payable (Note 7)	8,872,986	8,105,808
Deferred revenue (Note 8)	6,210,060	5,902,972
Long term debt (Note 9)	<u>17,220,844</u>	<u>10,622,304</u>
Total liabilities	<u>32,303,890</u>	<u>27,631,084</u>
Net debt	<u>( 7,901,570)</u>	<u>( 4,150,330)</u>


### NON-FINANCIAL ASSETS

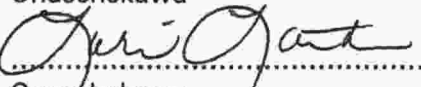
Tangible capital assets (Note 11)	56,997,180	57,406,523
Construction in progress (Note 12)	943,695	
Prepaid expenses	<u>119,447</u>	<u>122,762</u>
Total non-financial assets	<u>58,060,322</u>	<u>57,529,285</u>
Accumulated surplus	\$ <u>50,158,752</u>	\$ <u>53,378,955</u>

Contingent liabilities (Note 13)

Approved on behalf of Onekanew and Onushekawak

  
Onekanew

  
Onushekawa

  
Onushekawa

Onushekawa

  
Vice Onekanew

Onushekawa

  
Onushekawa

Onushekawa

# OPASKWAYAK CREE NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2017	2016
<b>REVENUE</b>			
Indigenous and Northern Affairs Canada	\$ 30,157,042	\$ 31,393,364	\$ 27,055,588
First Nation and Inuit Health	6,696,050	6,546,720	6,178,563
Employment and Social Development Canada	1,450,318	1,465,339	1,336,971
Canada Mortgage and Housing Corporation	816,452	1,684,230	813,678
Province of Manitoba	4,726,235	4,417,303	5,245,660
Band generated revenue	5,145,982	6,340,480	6,059,577
Rental and user fees	3,199,304	2,795,742	2,739,440
Other	1,585,975	3,540,872	1,743,174
Eliminations	-	( 2,951,659)	( 2,344,462)
	<u>53,777,358</u>	<u>55,232,391</u>	<u>48,828,189</u>
<b>EXPENDITURES</b>			
Governance and administration	2,866,845	3,562,087	4,053,038
Hydro funds	1,987,723	1,517,406	2,057,374
Band funds	1,224,196	4,802,717	2,665,432
Band development authority	594,616	594,891	543,271
Land and leases	679,429	776,047	748,001
Capital and capital projects	1,122,430	237,813	662,366
Employment and training	1,507,830	1,621,189	1,497,871
Social services	7,028,027	6,352,579	5,948,061
Child care	798,555	852,480	777,922
Public works, water and sewer	2,251,157	2,800,224	2,637,172
Recreation	744,778	815,993	651,384
Fire department	349,879	390,337	340,384
Community buildings	1,840,014	2,128,285	1,672,934
Special projects	1,243,003	1,154,872	1,133,864
Education	14,166,612	16,108,388	13,793,159
Care home	3,360,309	4,760,458	4,466,617
Health	7,808,793	7,327,345	7,100,239
Housing	3,526,963	5,159,648	4,022,369
Land tax	515,204	97,377	115,860
Economic development		344,117	337,302
Eliminations	-	( 2,951,659)	( 2,344,462)
	<u>53,616,363</u>	<u>58,452,594</u>	<u>52,880,158</u>
ANNUAL DEFICIT	160,995	( 3,220,203)	( 4,051,969)
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>53,378,955</u>	<u>53,378,955</u>	<u>57,430,924</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 53,539,950</u>	<u>\$ 50,158,752</u>	<u>\$ 53,378,955</u>

# OPASKWAYAK CREE NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 1 7	2 0 1 6
Annual deficit	\$ 160,995	\$( 3,220,203)	\$( 4,051,969)
Acquisition of tangible capital assets and construction in progress		( 5,125,302)	( 922,278)
Proceeds on sale of tangible capital assets		101,000	
Amortization of tangible capital assets		4,582,175	4,569,562
Gain on sale of tangible capital assets	-	( 92,225)	-
	-	( 534,352)	3,647,284
Acquisition of prepaid expenses		( 119,447)	( 122,762)
Use of prepaid expenses	-	122,762	142,662
	-	3,315	19,900
CHANGE IN NET DEBT FOR YEAR	160,995	( 3,751,240)	( 384,785)
NET DEBT, <i>beginning of year</i>	( 4,150,330)	( 4,150,330)	( 3,765,545)
NET DEBT, <i>end of year</i>	\$( 3,989,335)	\$( 7,901,570)	\$( 4,150,330)



# OPASKWAYAK CREE NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2017	2016
CASH FLOW FROM		
OPERATING ACTIVITIES		
Cash received from funding and other sources	\$ 58,443,772	\$ 45,199,819
Cash paid to suppliers and employees	( 53,276,857)	( 42,640,790)
	<u>5,166,915</u>	<u>2,559,029</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets and construction in progress	( 5,125,302)	( 922,278)
Sale of tangible capital assets	<u>101,000</u>	<u>-</u>
	( 5,024,302)	( 922,278)
INVESTING ACTIVITIES		
Long term investments	( 429,130)	( 467,837)
FINANCING ACTIVITIES		
Proceeds from long term debt	7,723,991	159,565
Repayment of long term debt	( 1,125,451)	( 1,170,272)
Advances to related parties - net	( 2,292,845)	( 953,571)
	<u>4,305,695</u>	<u>( 1,964,278)</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	4,019,178	( 795,364)
CASH, beginning of year	<u>3,550,646</u>	<u>4,346,010</u>
CASH, end of year	<u>\$ 7,569,824</u>	<u>\$ 3,550,646</u>
CASH COMPRISED OF		
Cash	\$ 3,771,884	\$ 1,903,871
Restricted cash	3,797,940	4,646,775
Bank Indebtedness	<u>-</u>	<u>( 3,000,000)</u>
	<u>\$ 7,569,824</u>	<u>\$ 3,550,646</u>

# OPASKWAYAK CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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 of the Chartered Professional Accountants of Canada.

#### *REPORTING ENTITY*

The Opaskwayak Cree Nation reporting entity includes the Opaskwayak Cree Nation (the Cree Nation) government and all related entities which are accountable to the Cree Nation and are either owned or controlled by the Cree Nation.

These consolidated financial statements combine the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to combination:

#### O.C.N. Programs:

- Opaskwayak Cree Nation Operating Fund
- Opaskwayak Cree Nation Housing Authority Ltd.
- Rod McGillivray Memorial Care Home
- Opaskwayak Educational Authority Inc.
- Opaskwayak Cree Nation Land Tax
- Opaskwayak Health Authority
- Nakow Mining and Supply Ltd.

Incorporated and unincorporated business entities which are owned and controlled by the Cree Nation but which are not dependent on the First Nation for their continuing operations are included in the consolidated financial statements using the modified equity method. These include:

- Paskwayak Business Development Corporation Ltd.
- Neso Corporation Ltd. (o/a The Pas I.G.A.)
- Otineka Development Corporation Ltd.
- 3327770 Manitoba Ltd. (o/a Kikiwak Inn)
- 3557040 Manitoba Ltd. (o/a OCN Shell)
- 5110301 Manitoba Ltd. (o/a Sports Traders)
- Aseneskak Casino
- Pinesiw Energy Limited Partnership
- Paskwayak Limited Partnership
- 7005571 Manitoba Ltd.

With the exception of the Aseneskak Casino which has been included in these financial statements using a March 31, 2017 year end, the financial information for the above incorporated entities included in these financial statements is for the year ended December 31, 2016.

- OCN Blizzard Junior "A" Hockey Club

The financial information for the above unincorporated entity included in these financial statements is for the year ended May 31, 2016.

- Opaskwayak Cree Nation VLT Centre
- Opaskwayak Cree Nation Communiplex

The financial information for the above unincorporated entities included in these financial statements is for the year ended March 31, 2017.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)**ASSET CLASSIFICATION*

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, construction in progress and prepaid expenses.

*CASH AND CASH EQUIVALENTS*

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

*SHORT TERM INVESTMENTS*

Short term investments are recorded at lower of cost and market value.

*INVESTMENTS*

Portfolio investments are recorded at cost, less an allowance to reflect any decline in value. OCN's investments in various commercial enterprises are accounted for using the modified equity method. Under the modified equity method, the cost of the investments are adjusted for OCN's share of the commercial enterprises' income or loss less dividends.

*OTHER ASSETS*

Franchise Fees - Franchise fees for the OCN Blizzard Junior "A" Hockey Club are recorded at cost. No provision has been made for amortization of franchise fees.

*NET DEBT*

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

*TANGIBLE CAPITAL ASSETS*

Tangible capital assets are stated at cost and recorded in the capital assets. Social housing assets acquired under Canada Mortgage and Housing Corporation sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long term debt. Amortization of tangible capital assets is recorded on a straight line basis at the following annual rates:

Buildings	2.5 - 4%
Computers	20 - 50%
Equipment	2.5 - 20%
Roads	2.5 - 8%
Vehicles	10 - 30%
Water and sewer	4%

Amortization is computed at one-half of the annual amortization in the year of acquisition.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2017**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**SEGMENTS**

The Cree Nation conducts its business through a number of reportable segments. These operating segments are established by senior management to facilitate the achievement of the Cree Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

**REVENUE RECOGNITION**

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

**FINANCIAL INSTRUMENTS**

Financial instruments include cash, 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 risks arising from these financial instruments. Unless otherwise stated, the carrying value of Cree Nation's financial assets and liabilities approximates their fair value.

**FAIR VALUE**

Due to the short term nature of all financial instruments other than long term debt and long term investments, the carrying value as presented in financial statements are reasonable estimates of fair value. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate, and if so any difference would be accounted for in the period in which it becomes known. For long term investments and long term debt it is not practicable within constraints of timeliness or cost to determine the fair value with sufficient reliability because the instruments are not traded in an organized financial market.

**USE OF ESTIMATES**

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 certain assets and liabilities at the date of financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates.

**2. CASH**

Cash is comprised of the following:

	2017	2016
Unrestricted		
Opaskwayak Cree Nation	\$ 2,657,010	\$ 762,779
Opaskwayak Cree Nation Land Tax	102,792	107,250
Opaskwayak Educational Authority Inc.	( 622,955)	( 607,178)
Opaskwayak Health Authority	837,184	662,975
Opaskwayak Housing Authority	319,869	101,197
Rod McGillivray Memorial Care Home	<u>477,984</u>	<u>876,848</u>
	<u>\$ 3,771,884</u>	<u>\$ 1,903,871</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 3. RESTRICTED CASH

#### CMHC Replacement Reserve

As required as part of the Cree 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 tangible capital assets. 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. At March 31, 2017, \$891,398 (2016 - \$716,428) had been deposited into separate accounts leaving an unfunded balance of \$116,082 (2016 - \$403,395).

#### 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 primarily 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 collection is reasonably assured. Capital and revenue trust monies are transferred to the Cree Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the Cree Nation's Council.

	2 0 1 7	2 0 1 6
CMHC Replacement Reserve		
Rod McGillivray Memorial Care Home	\$ 211,213	\$ 211,132
Opaskwayak Housing Authority	680,185	505,296
Ottawa Trust Fund	6	6
Internally Restricted Reserves and Funds		
Opaskwayak Cree Nation	2,569,607	3,616,262
Opaskwayak Educational Authority Inc.	26,806	26,568
Opaskwayak Health Authority	245,790	248,215
Health Moveable Assets Reserve	<u>64,333</u>	<u>39,296</u>
	<u>\$ 3,797,940</u>	<u>\$ 4,646,775</u>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

4. ACCOUNTS RECEIVABLE

	2017	2016
I.N.A.C.		
Environmental	\$	\$ 3,813
Flood response	52,550	67,860
Site remediation		185,445
LEDSP - Ec. Dev. Allocations	19,672	
LEDSP - Ec. Dev. Capacity	20,621	
Advances receivable	432,560	336,587
C.M.H.C.	336,773	
Goods and services tax	19,090	12,250
Housing rents	5,227,650	4,871,714
Related entities	3,730,028	824,419
Trade and other	<u>6,581,212</u>	<u>6,444,206</u>
Subtotal	<u>16,420,156</u>	<u>12,746,294</u>
Less: Allowance for doubtful accounts		
Trade and other	( 4,305,309)	( 3,411,501)
Housing rents	<u>( 4,836,172)</u>	<u>( 4,460,034)</u>
	<u>\$ 7,278,675</u>	<u>\$ 4,874,759</u>

5. INVESTMENTS

	2017	2016
Investments in enterprises	\$ 5,402,031	\$ 5,136,377
Share of income to date	<u>4,101,790</u>	<u>6,868,972</u>
	<u>\$ 9,503,821</u>	<u>\$ 12,005,349</u>

6. OTHER ASSETS

	2017	2016
Franchise fees	\$ <u>50,000</u>	\$ <u>50,000</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
I.N.A.C.		
Flood recovery	\$ 1,963,575	\$ 1,963,575
Accrued liabilities	2,022,085	692,517
Goods and services tax		52,878
Payroll remittances and deductions	19,669	311,427
Related entities	2,275,417	2,637,530
Retail sales tax		67,831
Trade and other	2,592,240	2,334,359
Trust payables	<u>-</u>	<u>45,691</u>
	<u>\$ 8,872,986</u>	<u>\$ 8,105,808</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

8. DEFERRED REVENUE

	2 0 1 7	2 0 1 6
I.N.A.C.		
Capacity Development Management	\$ 39,300	\$ 1,775
High School project		390,752
Income Assistance	1,089,806	
Lagoon Project	356,655	
Rod McGillivray Memorial Care Home	<u>214,996</u>	<u>572,366</u>
	1,700,757	963,118
Other Programs		
Opaskwayak Cree Nation	3,726,532	4,249,049
Opaskwayak Educational Authority	30,318	14,118
Opaskwayak Health Authority	652,453	676,687
Opaskwayak Housing Authority	<u>100,000</u>	<u>-</u>
	<u>\$ 6,210,060</u>	<u>\$ 5,902,972</u>

9. LONG TERM DEBT

	2 0 1 7	2 0 1 6
Caterpillar Financial Services Limited financing payable, interest at 5.09%, repayable in monthly installments of \$4,428 (P&I), due April 2018, secured by assignment of title.	\$ 55,897	\$ 104,836
Caterpillar Financial Services Limited financing payable, interest at 5.95%, repayable in monthly installments of \$6,235 (P&I), due August 2021, secured by assignment of title.	289,962	
Bank of Nova Scotia mortgage, 6.85%, repayable in monthly variable installments of \$6,964 plus interest, due September 2018, secured by assignment of all risks insurance.	873,328	956,895
Bank of Nova Scotia mortgage, interest at 4%, repayable in monthly variable installments of \$7,500 plus interest, due August 2018, secured by assignment of all risks insurance.	1,428,147	1,518,147
First Nations Finance Authority interim financing (Note 10)	6,632,000	
C.M.H.C. mortgage, 1.03%, repayable in monthly installments of \$7,187 (P & I), due October 2021, secured by Ministerial Guarantee and assignment of all risks insurance.	1,161,230	1,232,578
Bank of Nova Scotia mortgage, 2.85%, repayable in monthly installments of \$5,426 (P & I), due January 2021, secured by Ministerial Guarantee and assignment of all risks insurance.	508,279	558,218
Royal Bank of Canada mortgage, 2.62%, repayable in monthly installments of \$8,410 (P & I), due December 2017, secured by Ministerial Guarantee and assignment of all risks insurance.	71,688	169,321
Royal Bank of Canada mortgage, 2.61%, repayable in monthly installments of \$8,061 (P & I), due February 2018, secured by Ministerial Guarantee and assignment of all risks insurance.	86,494	179,629
First Nations Bank mortgage, 3.04%, repayable in monthly installments of \$7,016 (P & I), due November 2019, secured by Ministerial Guarantee and assignment of all risks insurance.	215,261	291,649

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

## 9. LONG TERM DEBT (continued)

	2017	2016
Bank of Nova Scotia mortgage, 3.79%, repayable in monthly installments of \$7,263 (P & I), due April 2017, secured by Ministerial Guarantee and assignment of all risks insurance.	7,295	92,428
C.M.H.C. mortgage, 1.19%, repayable in monthly installments of \$4,085 (P & I), due November 2020, secured by Ministerial Guarantee and assignment of all risks insurance.	373,881	418,181
Bank of Nova Scotia mortgage, 2.94%, repayable in monthly installments of \$5,028 (P & I), due December 2020, secured by Ministerial Guarantee and assignment of all risks insurance.	182,404	236,554
C.M.H.C. mortgage, 1.62%, repayable in monthly installments of \$4,372 (P & I), due March 2018, secured by Ministerial Guarantee and assignment of all risks insurance.	528,452	572,021
C.M.H.C. mortgage, 1.71%, repayable in monthly installments of \$2,801 (P & I), due September 2017, secured by Ministerial Guarantee and assignment of all risks insurance.	453,184	478,850
C.M.H.C. mortgage, 2.08%, repayable in monthly installments of \$4,383 (P & I), due February 2019, secured by Ministerial Guarantee and assignment of all risks insurance.	767,871	805,433
C.M.H.C. mortgage, 1.01%, repayable in monthly installments of \$4,390 (P&I), due February 2021, secured by Ministerial Guarantee and assignment of all risks insurance.	906,962	950,288
C.M.H.C. mortgage, 1.05%, repayable in monthly installments of \$5,211 (P & I), due August 2021, secured by Ministerial Guarantee and assignment of all risks insurance.	1,098,098	1,146,294
C.M.H.C. mortgage, 4.54%, repayable in monthly installments of \$6,401, (P & I), due October 2017, secured by Ministerial Guarantee and assignment of all risks insurance.	44,139	117,172
C.M.H.C. mortgage, 2.01%, repayable in monthly installments of \$3,521 (P & I), due October 2019, secured by Ministerial Guarantee and assignment of all risks insurance.	767,166	793,810
C.M.H.C. mortgage advances to be converted to long term debt upon completion of Phase 15 8 unit housing project.	769,106	-
	<u>\$ 17,220,844</u>	<u>\$ 10,622,304</u>

The scheduled principal amounts payable within the next five years to meet retirement provisions is estimated to be as follows:

March 31, 2018	\$ 8,336,953
2019	699,534
2020	688,023
2021	601,538
2022	565,597

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

## 10. INTERIM FINANCING - FIRST NATION FINANCING AUTHORITY

The Cree Nation has entered into an agreement with the First Nation Finance Authority (FNFA) to borrow funds at an interest rate of 2.6%. The funds received have been advanced by the FNFA in anticipation of a bond issuance by the FNFA. This interim financing will be replaced by long term financing upon the issuance of such securities based on the earlier of five years from the date of issuance of the interim financing or the completion by the First Nation of the defined purpose included in the Borrowing Agreement.

The interim financing loans require monthly interest payments only and are paid from secured revenue sources other than Indigenous and Northern Affairs Canada or First Nations and Inuit Health funding. These funds are specified in the Borrowing Law adopted by the First Nation and are paid directly into a Secured Revenues Trust Account (SRTA), which is governed by a Secured Revenues Trust Management Agreement between the Cree Nation and the FNFA.

The following amounts are withdrawn directly from the SRTA, which is governed by a trust agreement:

- 1) Monthly interest and principal payments directly to the FNFA under the terms of the Borrowing Agreement, and
- 2) The excess in the SRTA is paid to the Cree Nation.

## A) DEBT RESERVE FUND:

Investment: 5% of any funds borrowed from the FNFA are held by the FNFA in a fund as security for bond and interim financing providers payments. If at any time the Cree Nation does not have sufficient funds to meet its obligations under the terms and conditions of the Borrowing Agreement, the payments will be made from the Debt Reserve Fund. As at March 31, 2017 \$332,004 was held in this fund.

## B) CURRENT INTERIM FINANCING

	2 0 1 7	2 0 1 6
Funds outstanding	\$ 6,632,000	\$ -
Interest on interim	<u>26,928</u>	<u>-</u>
Total funds owing	\$ <u>6,658,928</u>	\$ <u>-</u>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

11. 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 2017	Total 2016
Buildings	\$ 76,257,854	\$ 933,147	\$	\$ 77,191,001	\$ 28,527,380	\$ 3,068,906	\$	\$ 31,596,286	\$ 45,594,715	\$ 47,730,474
Computers	930,435	50,131		980,566	721,316	91,030		812,346	168,220	209,119
Equipment	6,838,717	904,251		7,742,968	6,312,043	410,440		6,722,483	1,020,485	526,674
Land	663,742	1,157,001		1,820,743					1,820,743	663,742
Roads	6,492,319	273,900		6,766,219	4,594,663	206,566		4,801,229	1,964,990	1,897,656
Vehicles	4,472,218	863,177	577,352	4,758,043	3,099,399	450,829	568,577	2,981,651	1,776,392	1,372,819
Water and sewer	8,914,131	-	-	8,914,131	3,908,092	354,404	-	4,262,496	4,651,635	5,006,039
	<u>\$ 104,569,416</u>	<u>\$ 4,181,607</u>	<u>\$ 577,352</u>	<u>\$ 108,173,671</u>	<u>\$ 47,162,893</u>	<u>\$ 4,582,175</u>	<u>\$ 568,577</u>	<u>\$ 51,176,491</u>	<u>\$ 56,997,180</u>	<u>\$ 57,406,523</u>

12. CONSTRUCTION IN PROGRESS

	2017	2016
OCN Lagoon Project	\$ <u>943,695</u>	\$ <u>-</u>

Construction in progress will be transferred to tangible capital assets upon completion and will be amortized accordingly.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2017**

**13. CONTINGENT LIABILITIES**

The individual incorporated entities have not made any provision for corporation capital taxes in the financial statements. Entities maintain they are exempt from corporation capital taxes because their beneficial shareholder, the Opaskwayak Cree Nation, is recognized as a Canadian Municipality under certain sections of the Income Tax Act, Canada, which exempts wholly-owned corporations of Canadian Municipalities from taxation.

Otineka Development Corporation Ltd. has won its appeal before the Tax Court of Canada which reaffirmed its status as a Canadian Municipality for Income Tax purposes. The decision applied only to corporation income taxes and not to Manitoba Corporation Capital Tax.

If the individual incorporated entities are found to be taxable for corporation capital tax purposes, payment of any taxes and interest owing will be accounted for in the year of determination.

- a) OCN is contingently liable as guarantor of certain loans for OCN members totaling \$839,811 (2016 - \$593,467).
- b) OCN has signed agreements with various government bodies for funding of programs which may require that surpluses be returned. If any amounts become repayable, they will be accounted for in the year of determination.
- c) As at March 31, 2017, certain legal actions and other contingent liabilities are pending against the Cree Nation. The final outcome of the outstanding claims cannot be determined at this time. However, management believes that ultimate disposition of these matters will not materially exceed the amounts recorded in these consolidated financial statements.

Estimated costs to settle claims are based on available information and projections of estimated future expenses developed based on the Cree Nation's historical experience. Claims are reported as an expenditure in the year of the loss, where the costs are deemed to be likely and can be reasonably determined. Claims provisions are reported as a liability in the consolidated statement of financial position.

**14. RECONCILIATION OF INDIGENOUS AND NORTHERN AFFAIRS CANADA REVENUE**

	2 0 1 7	2 0 1 6
Agreement: #315-0315	\$ 32,131,003	\$ 27,326,719
Plus: Revenue deferred from previous years	963,118	694,128
Less: Revenue deferred to subsequent year	( 1,700,757)	( 963,118)
Environmental Site Assessment funding recovery	-	( 2,141)
<b>TOTAL I.N.A.C. REVENUE PER FINANCIAL STATEMENTS</b>	<b>\$ 31,393,364</b>	<b>\$ 27,055,588</b>

**15. ECONOMIC DEPENDENCE**

Opaskwayak Cree Nation receives a major portion of its revenues pursuant to a funding arrangement with Indigenous and Northern Affairs Canada.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

16. 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.

17. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 1 7	2 0 1 6
Advertising and promotion	\$ 61,212	\$ 65,249
Amortization	4,582,175	4,569,562
Bad debts	1,336,988	1,063,794
Bank charges	86,771	129,624
Board and honoraria	372,677	395,557
Community initiatives and contributions	5,169,718	4,361,923
Dividends	14,400	1,036,200
Equipment	243,758	360,952
Flood	12,708	9,576
Fuel and oil	169,064	122,617
Insurance	577,923	556,096
Interest	277,877	327,891
Loss on investment	2,825,989	1,050,231
Non-Insured Health Benefits	2,289,255	2,580,047
Office and general	78,336	86,985
Other	598,877	1,202,566
Professional fees	1,661,143	1,520,265
Property taxes, grants in lieu and leases	305,030	219,300
Rent	402,157	417,542
Repairs and maintenance	2,593,551	2,073,458
Replacement reserve	339,126	382,132
Salaries and benefits	23,899,033	20,523,771
Social assistance	4,719,191	4,929,656
Student support	4,035,873	3,434,122
Supplies	1,843,459	1,527,089
Telephone	392,410	367,616
Training	479,781	210,691
Travel	1,177,432	864,577
Utilities	858,339	835,531
Eliminations	( 2,951,659)	( 2,344,462)
	<u>\$ 58,452,594</u>	<u>\$ 52,880,158</u>

18. COMPARATIVE FIGURES

Certain prior year comparative amounts have been reclassified where necessary to conform to the presentation adopted for the current year.

# OPASKWAYAK CREE NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 19. SEGMENT DISCLOSURE

Opaskwayak Cree Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. 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:

	Governance and Administration		Hydro and Band Funds		Band Development Authority		Land and Leases		Capital and Capital Projects	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues										
Federal Government										
INAC	\$ 1,669,451	\$ 1,620,675	\$	\$	\$ 47,002	\$ 55,214	\$ 317,386	\$ 317,386	\$ 2,068,773	\$ 714,387
CMHC										
ESDC										
Other	-	-	-	-	-	-	-	-	-	-
Subtotal	1,669,451	1,620,675			47,002	55,214	317,386	317,386	2,068,773	714,387
Other revenue	<u>736,026</u>	<u>999,796</u>	<u>7,196,100</u>	<u>7,946,187</u>	<u>1,310,501</u>	<u>60,125</u>	<u>396,956</u>	<u>365,875</u>	-	-
Total revenue	<u>2,405,477</u>	<u>2,620,471</u>	<u>7,196,100</u>	<u>7,946,187</u>	<u>1,357,503</u>	<u>115,339</u>	<u>714,342</u>	<u>683,261</u>	<u>2,068,773</u>	<u>714,387</u>
Expenses										
Amortization	54,532	79,451							26,566	252,881
Debt servicing	42,800	86,110								
Other	1,495,155	1,794,223	6,320,123	4,722,806	228,754	168,851	436,584	385,628	211,247	409,485
Salaries and benefits	<u>1,969,600</u>	<u>2,093,254</u>	-	-	<u>366,137</u>	<u>374,420</u>	<u>339,463</u>	<u>362,373</u>	-	-
Total expenses	<u>3,562,087</u>	<u>4,053,038</u>	<u>6,320,123</u>	<u>4,722,806</u>	<u>594,891</u>	<u>543,271</u>	<u>776,047</u>	<u>748,001</u>	<u>237,813</u>	<u>662,366</u>
Surplus (Deficit)	<u>\$ ( 1,156,610)</u>	<u>\$ ( 1,432,567)</u>	<u>\$ 875,977</u>	<u>\$ 3,223,381</u>	<u>\$ 762,612</u>	<u>\$ ( 427,932)</u>	<u>\$ ( 61,705)</u>	<u>\$ ( 64,740)</u>	<u>\$ 1,830,960</u>	<u>\$ 52,021</u>

# OPASKWAYAK CREE NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 19. SEGMENT DISCLOSURE (continued)

	Employment and Training		Social Services		Child Care		Economic Development		Public Works, Water and Sewer	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues										
Federal Government										
INAC	\$ 193,940	\$ 98,138	\$ 6,305,732	\$ 5,939,812	\$ 252,700	\$ 311,787	\$ 316,012	\$ 309,197	\$ 607,500	\$ 595,297
FNIH										
CMHC										
ESDC	1,066,799	1,028,508			398,540	308,463				
Other	-	-	-	-	-	-	-	-	-	-
Subtotal	1,260,739	1,126,646	6,305,732	5,939,812	651,240	620,250	316,012	309,197	607,500	595,297
Other revenue	204,128	228,225	-	-	178,212	97,317	-	-	761,711	753,300
Total revenue	1,464,867	1,354,871	6,305,732	5,939,812	829,452	717,567	316,012	309,197	1,369,211	1,348,597
Expenses										
Amortization	9,629	3,997	7,368	7,368	19,866	20,178	28,105	28,105	782,501	646,643
Debt servicing			10,146	11,545					15,448	5,983
Other	897,981	925,027	5,349,771	5,416,449	247,744	243,658	316,012	309,197	1,066,088	1,071,296
Salaries and benefits	713,579	568,847	985,294	512,699	584,870	514,086	-	-	936,187	913,250
Total expenses	1,621,189	1,497,871	6,352,579	5,948,061	852,480	777,922	344,117	337,302	2,800,224	2,637,172
Surplus (Deficit)	\$ (156,322)	\$ (143,000)	\$ (46,847)	\$ (8,249)	\$ (23,028)	\$ (60,355)	\$ (28,105)	\$ (28,105)	\$ (1,431,013)	\$ (1,288,575)

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 19. SEGMENT DISCLOSURE (continued)

	Recreation		Fire Department		Community Buildings		Special Projects		Education	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues										
Federal Government										
INAC	\$	\$	\$ 117,618	\$ 115,162	\$ 117,346	\$ 115,744	\$ 315,629	\$ 389,217	\$ 13,138,953	\$ 10,950,516
FNIH										
CMHC										
ESDC										
Other	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	117,618	115,162	117,346	115,744	315,629	389,217	13,138,953	10,950,516
Other revenue	<u>304,426</u>	<u>212,578</u>	<u>50,000</u>	<u>-</u>	<u>996,705</u>	<u>1,023,216</u>	<u>739,356</u>	<u>717,945</u>	<u>856,059</u>	<u>593,873</u>
Total revenue	<u>304,426</u>	<u>212,578</u>	<u>167,618</u>	<u>115,162</u>	<u>1,114,051</u>	<u>1,138,960</u>	<u>1,054,985</u>	<u>1,107,162</u>	<u>13,995,012</u>	<u>11,544,389</u>
Expenses										
Amortization	25,319	25,319	82,170	36,656	314,052	102,265			1,576,996	1,671,031
Debt servicing					88,293	113,698				
Other	427,155	289,838	170,449	242,539	1,239,314	992,430	773,054	857,192	5,685,934	4,407,623
Salaries and benefits	<u>363,519</u>	<u>336,227</u>	<u>137,718</u>	<u>61,189</u>	<u>486,626</u>	<u>464,541</u>	<u>381,818</u>	<u>276,672</u>	<u>8,845,458</u>	<u>7,714,505</u>
Total expenses	<u>815,993</u>	<u>651,384</u>	<u>390,337</u>	<u>340,384</u>	<u>2,128,285</u>	<u>1,672,934</u>	<u>1,154,872</u>	<u>1,133,864</u>	<u>16,108,388</u>	<u>13,793,159</u>
Surplus (Deficit)	<u>\$ ( 511,567 )</u>	<u>\$ ( 438,806 )</u>	<u>\$ ( 222,719 )</u>	<u>\$ ( 225,222 )</u>	<u>\$ ( 1,014,234 )</u>	<u>\$ ( 533,974 )</u>	<u>\$ ( 99,887 )</u>	<u>\$ ( 26,702 )</u>	<u>\$ ( 2,113,376 )</u>	<u>\$ ( 2,248,770 )</u>



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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 19. SEGMENT DISCLOSURE (continued)

	Care Home		Health		Housing		Land Tax		Elimination		TOTAL	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues												
Federal Government												
INAC	\$ 4,155,896	\$ 3,828,824	\$ 406,426	\$ 506,019	\$ 1,615,700	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ 31,393,364	\$ 27,055,588
FNIH			6,294,020	5,866,776							6,546,720	6,178,563
CMHC	34,679	34,679			1,649,551	778,999					1,684,230	813,678
ESDC											1,465,339	1,336,971
Other	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	4,190,575	3,863,503	6,700,446	6,372,795	3,265,251	2,278,999	-	-	-	-	41,089,653	35,384,800
Other revenue	375,634	355,016	497,091	428,671	1,974,333	1,489,409	517,159	516,318	(2,951,659)	(2,344,462)	14,142,738	13,443,389
Total revenue	4,566,209	4,218,519	7,197,537	6,801,466	5,239,584	3,768,408	517,159	516,318	(2,951,659)	(2,344,462)	55,232,391	48,828,189
Expenses												
Amortization	377,782	395,788	360,068	360,877	914,620	936,402	2,601	2,601			4,582,175	4,569,562
Debt servicing	3,499	6,737	10,073	9,728	131,888	188,524					302,147	422,325
Other	1,064,303	1,188,972	4,267,661	4,244,131	2,394,520	1,990,747	29,049	48,870	(2,951,659)	(2,344,462)	29,669,239	27,364,500
Salaries and benefits	3,314,874	2,875,120	2,689,543	2,485,503	1,718,620	906,696	65,727	64,389	-	-	23,899,033	20,523,771
Total expenses	4,760,458	4,466,617	7,327,345	7,100,239	5,159,648	4,022,369	97,377	115,860	(2,951,659)	(2,344,462)	58,452,594	52,880,158
Surplus (Deficit)	\$ (194,249)	\$ (248,098)	\$ (129,808)	\$ (298,773)	\$ 79,936	\$ (253,961)	\$ 419,782	\$ 400,458	\$ -	\$ -	\$ (3,220,203)	\$ (4,051,969)