

Financial Statements of

**WAHTA MOHAWKS**

Year ended March 31, 2016

# WAHTA MOHAWKS

## Financial Statement Index

Year ended March 31, 2016

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the **Wahta Mohawks** are the responsibility of management and have been approved by Chief and Council.

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

The Wahta Mohawks maintains a system of internal accounting and administrative controls. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the assets are appropriately accounted for and adequately safeguarded.

The Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and are ultimately responsible for reviewing and approving the financial statements.

The Chief and Council review the Wahta Mohawks' financial statements and recommend their approval. The Chief and Council meet periodically to discuss and to review the annual report, the financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the Wahta Mohawks.

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Councillor

\_\_\_\_\_  
Councillor

  
\_\_\_\_\_  
Councillor

\_\_\_\_\_  
Councillor



KPMG LLP  
Claridge Executive Centre  
144 Pine Street  
Sudbury Ontario P3C 1X3  
Canada  
Telephone (705) 675-8500  
Fax (705) 675-7586

## INDEPENDENT AUDITORS' REPORT

To the Members of the Wahta Mohawks

We have audited the accompanying financial statements of the **Wahta Mohawks** which comprise the statement of financial position as at March 31, 2016, the statements of financial activities, changes in net financial assets and cash flows for the year then ended, and notes, comprising 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 financial statements are free from 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 our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 financial statements.

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

**KPMG**

*Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Wahta Mohawks as at March 31, 2016 and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

July 25, 2016  
Sudbury, Canada

# WAHTA MOHAWKS

## Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
<b>Financial assets:</b>		
Cash	\$ 2,413,612	\$ 3,104,114
Accounts receivable (note 2)	707,339	636,080
Investments (note 3)	23,199,482	22,127,517
Consolidated revenue funds	3,004,640	2,942,222
	<u>29,325,073</u>	<u>28,809,933</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	352,004	595,368
Deferred revenue	53,421	29,631
	<u>405,425</u>	<u>624,999</u>
Net financial assets	28,919,648	28,184,934
<b>Non-financial assets:</b>		
Tangible capital assets (note 5)	6,562,419	5,859,182
Prepaid expenses	51,921	72,477
Inventory	614,630	1,009,602
	<u>7,228,970</u>	<u>6,941,261</u>
Contingent liabilities (note 7)		
Accumulated surplus (note 6)	\$ 36,148,618	\$ 35,126,195

See accompanying notes to financial statements.

On behalf of the First Nation:

Chief Dee A

Councillor W. Wallace

Councillor \_\_\_\_\_

Councillor Leese Greasley

Councillor \_\_\_\_\_

# WAHTA MOHAWKS

## Statement of Financial Activities

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
<b>Revenue:</b>		
Government transfers - Provincial	\$ 373,301	\$ 363,591
- Federal	1,629,667	1,575,750
Investment income (note 4)	1,203,845	627,089
Grants and subsidies	324,476	295,592
Rental income	100,989	61,255
Government Business Enterprises net earnings	-	-
Business operation	307,281	214,508
Other	2,524,626	1,477,814
	6,464,185	4,615,599
<b>Expenses:</b>		
Band Administration	618,496	563,679
Health Services	691,745	845,821
Community Infrastructure	512,125	485,002
Education	484,283	586,172
Community and Economic Development	1,372,801	417,525
Investments	100,154	97,029
Social Assistance	140,249	126,620
Community Property	243,648	139,803
Business Operations	1,278,261	756,924
	5,441,762	4,018,575
<b>Excess of revenue over expenses</b>	1,022,423	597,024
Accumulated surplus, beginning of year	35,126,195	34,529,171
<b>Accumulated surplus, end of year</b>	<b>\$ 36,148,618</b>	<b>\$ 35,126,195</b>

See accompanying notes to financial statements.

# WAHTA MOHAWKS

## Statement of Changes in Net Financial Assets

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Excess of revenue over expenses	\$ 1,022,423	\$ 597,024
Acquisition of tangible capital assets	(1,034,892)	(243,369)
Amortization of tangible capital assets	331,655	390,598
	319,186	744,253
Acquisition of prepaid expenses	(51,921)	(72,477)
Use of prepaid expenses	72,477	54,522
Production of inventory	(614,630)	(1,009,602)
Use of inventory	1,009,602	642,868
<b>Change in net financial assets</b>	<b>734,714</b>	<b>359,564</b>
Net financial assets, beginning of year	28,184,934	27,825,370
<b>Net financial assets, end of year</b>	<b>\$ 28,919,648</b>	<b>\$ 28,184,934</b>

See accompanying notes to financial statements.

# WAHTA MOHAWKS

## Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
<b>Cash flows from operating activities:</b>		
Excess of revenue over expenses	\$ 1,022,423	\$ 597,024
Adjustment for:		
Amortization of tangible capital assets	331,655	390,598
	<u>1,354,078</u>	<u>987,622</u>
<b>Change in non-cash working capital:</b>		
Increase in accounts receivable	(71,259)	(228,788)
Increase (decrease) in inventory	394,972	(366,734)
Decrease (increase) in prepaid expenses	20,556	(17,955)
Increase in deferred revenue	23,790	14,738
Increase (decrease) in accounts payable and accrued liabilities	<u>(243,364)</u>	<u>16,115</u>
	<u>1,478,773</u>	<u>404,998</u>
<b>Cash flows from investing activities:</b>		
Increase in consolidated revenue funds	(62,418)	(81,007)
Purchase of tangible capital assets	(1,034,892)	(243,369)
Decrease (increase) in investments	<u>(1,071,965)</u>	<u>502,916</u>
	<u>(2,169,275)</u>	<u>178,540</u>
<b>Net increase (decrease) in cash</b>	<b>(690,502)</b>	<b>583,538</b>
Cash position, beginning of year	3,104,114	2,520,576
<b>Cash position, end of year</b>	<b>\$ 2,413,612</b>	<b>\$ 3,104,114</b>

See accompanying notes to financial statements.

# WAHTA MOHAWKS

## Notes to Financial Statements

Year ended March 31, 2016

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The Wahta Mohawks (the "First Nation"), administers funds and performs services as contracted with various funding agencies for the benefit of its members.

### 1. Basis of presentation and significant accounting policies:

The financial statements of the First Nation are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these financial statements:

#### (a) Reporting entity:

The reporting entity includes activities of all committees and related entities of the First Nation under the control of the Chief and Council.

#### (b) Revenue recognition:

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements which relate to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial position.

#### (c) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	25 years
Buildings and improvements	25 - 40 years
Infrastructure	20 - 40 years
Machinery and equipment	10 - 15 years
Furniture, computers and fixtures	7 - 15 years

Annual amortization is charged in the year of acquisition and in the year of disposal.

# WAHTA MOHAWKS

## Notes to Financial Statements

Year ended March 31, 2016

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### 1. Basis of presentation and significant accounting policies (continued):

#### (d) Consolidated revenue funds:

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

#### (e) Prior year funding adjustments:

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments, with audit adjustments repayable to the governments. Adjustments are recorded in the year during which the adjustments are made.

#### (f) Use of estimates:

The preparation of financial statements 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 financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and valuation allowances for receivables. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

In addition, the First Nation's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

# WAHTA MOHAWKS

Notes to Financial Statements

Year ended March 31, 2016

## 2. Accounts receivable:

	2016	2015
Member loans and advances	\$ 58,456	43,542
Association of Iroquois and Allied Indians	19,681	8,631
Indigenous and Northern Affairs Canada	103,042	218,157
Canada Mortgage and Housing Corporation	16,000	-
Health Canada	17,093	6,750
Canada Revenue Agency	249,266	213,832
Pioneer Solar	25,000	25,000
Kagita Mikam	29,167	40,817
Other	66,609	48,552
Business customers	59,445	5,977
Ontario Power Generation	31,712	-
Ministry of Community and Social Services	3,763	18,396
Hydro One Networks	68,675	68,675
Allowance for doubtful accounts	(40,570)	(62,249)
	\$ 707,339	636,080

## 3. Investments:

2016	Cost	Market	Carrying Value
Scotia Asset Management			
- Cash	\$ 14,640	14,640	14,640
- Common shares	4,813,290	6,145,900	4,813,290
- Mutual funds	18,352,229	19,009,377	18,352,229
USC Education Savings Plan	19,323	19,323	19,323
	<b>\$ 23,199,482</b>	<b>25,189,240</b>	<b>23,199,482</b>

# WAHTA MOHAWKS

## Notes to Financial Statements

Year ended March 31, 2016

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### 3. Investments (continued):

2015	Cost	Market	Carrying Value
Scotia Asset Management			
- Cash	\$ 12,988	12,988	12,988
- Common shares	5,156,469	6,600,868	5,156,469
- Mutual funds	16,930,821	18,266,631	16,930,821
USC Education Savings Plan	27,239	27,239	27,239
	\$ 22,127,517	24,907,726	22,127,517

### 4. Investment income:

	Interest and Dividends	Investment Gain (Loss)	2016 Total
Scotia Asset Management	\$ 658,047	521,988	1,180,035
Scotiabank	23,810	–	23,810
	\$ 681,857	521,988	1,203,845
	Interest and Dividends	Investment Gain (Loss)	2015 Total
Scotia Asset Management	\$ 733,707	(121,849)	611,858
Scotiabank	15,231	–	15,231
	\$ 748,938	(121,849)	627,089

# WAHTA MOHAWKS

## Notes to Financial Statements

Year ended March 31, 2016

### 5. Tangible capital assets:

Cost	Balance			Balance at March 31, 2016
	2015	Additions	Disposals	
Buildings	\$ 3,705,851	\$ 392,575	\$ -	\$ 4,098,426
Computers	104,015	-	-	104,015
Vehicles	489,274	11,540	-	500,814
Roads	3,189,162	-	-	3,189,162
Equipment and furniture	1,657,427	52,758	-	1,710,185
Water and sewer	79,775	12,552	-	92,327
Housing	975,123	8,696	-	983,819
Land improvements	1,132,365	-	-	1,132,365
Construction in progress	103,486	660,256	(103,486)	660,256
<b>Total</b>	<b>\$ 11,436,478</b>	<b>\$ 1,138,377</b>	<b>\$ (103,486)</b>	<b>\$ 12,471,369</b>

Accumulated amortization	Balance			Balance at March 31, 2016
	2015	Disposals	Amortization expense	
Buildings	\$ 1,729,498	\$ -	\$ 114,051	\$ 1,843,549
Computers	54,838	-	12,818	67,656
Vehicles	227,165	-	38,254	265,419
Roads	1,440,341	-	77,752	1,518,093
Equipment and furniture	1,327,491	-	38,705	1,366,196
Water and sewer	13,968	-	2,151	16,119
Housing	401,948	-	26,025	427,973
Land improvements	382,047	-	21,898	403,945
<b>Total</b>	<b>\$ 5,577,296</b>	<b>\$ -</b>	<b>\$ 331,654</b>	<b>\$ 5,908,950</b>

	Net book value		Net book value March 31, 2016
	March 31, 2015		
Buildings	\$ 1,976,353		\$ 2,254,877
Computers	49,177		36,359
Vehicles	262,109		235,395
Roads	1,748,821		1,671,069
Equipment and furniture	329,936		343,989
Water and sewer	65,807		76,208
Housing	573,175		555,846
Land improvements	750,318		728,420
Construction in progress	103,486		660,256
<b>Total</b>	<b>\$ 5,859,182</b>		<b>\$ 6,562,419</b>

# WAHTA MOHAWKS

## Notes to Financial Statements

Year ended March 31, 2016

### 5. Tangible capital assets (continued):

Cost	Balance			Balance at March 31, 2015
	March 31, 2014	Additions	Disposals	
Buildings	\$ 3,692,669	\$ 13,182	\$ -	\$ 3,705,851
Computers	104,015	-	-	104,015
Vehicles	489,274	-	-	489,274
Roads	3,189,162	-	-	3,189,162
Equipment and furniture	1,590,811	66,616	-	1,657,427
Water and sewer	79,775	-	-	79,775
Housing	923,739	51,384	-	975,123
Land improvements	1,123,664	8,701	-	1,132,365
Construction in progress	-	103,486	-	103,486
<b>Total</b>	<b>\$ 11,193,109</b>	<b>\$ 243,369</b>	<b>\$ -</b>	<b>\$ 11,436,478</b>

Accumulated amortization	Balance			Balance at March 31, 2015
	March 31, 2014	Disposals	Amortization expense	
Buildings	\$ 1,630,231	\$ -	\$ 99,267	\$ 1,729,498
Computers	41,001	-	13,837	54,838
Vehicles	178,238	-	48,927	227,165
Roads	1,362,341	-	78,000	1,440,341
Equipment and furniture	1,225,165	-	102,326	1,327,491
Water and sewer	11,974	-	1,994	13,968
Housing	377,425	-	24,523	401,948
Land improvements	360,323	-	21,724	382,047
<b>Total</b>	<b>\$ 5,186,698</b>	<b>\$ -</b>	<b>\$ 390,598</b>	<b>\$ 5,577,296</b>

	Net book value		Net book value March 31, 2015
	March 31, 2014		
Buildings	\$ 2,062,438		\$ 1,976,353
Computers	63,014		49,177
Vehicles	311,036		262,109
Roads	1,826,821		1,748,821
Equipment and furniture	365,646		329,936
Water and sewer	67,801		65,807
Housing	546,314		573,175
Land improvements	763,341		750,318
Construction in progress	-		103,486
<b>Total</b>	<b>\$ 6,006,411</b>		<b>\$ 5,859,182</b>

# WAHTA MOHAWKS

## Notes to Financial Statements

Year ended March 31, 2016

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### 6. Accumulated surplus:

The allocation of the accumulated surplus between the various funds is as follows:

	2016	2015
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 6,278,583	5,567,380
Other	20,371,705	19,410,964
Business Enterprises	(3,477,141)	(2,491,161)
Total surplus	23,173,147	22,487,183
Reserves	12,975,471	12,639,012
	<hr/> \$ 36,148,618	<hr/> 35,126,195

### 7. Contingent liabilities:

Indigenous and Northern Affairs Canada has guaranteed loans to various members in the amount of \$590,781.23 (2015 - \$820,698). If any loans are in default and require payment by the Department, the amount paid will be charged back to the First Nation.

### 8. Segmented information:

The First Nation is a diversified governmental institution that provides a wide range of services to its Members, including band administration, education, health services, infrastructure, economic development, housing, capital and social services. For management reporting purposes the First Nation's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

#### Band Administration

The administration department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of Chief and Council.

# WAHTA MOHAWKS

## Notes to Financial Statements

Year ended March 31, 2016

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### 8. Segmented information (continued):

#### **Education**

The education department enters into service contracts with provincially funded area school boards for elementary and secondary students. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post secondary institutions.

#### **Health Services**

The health services department provides a diverse bundle of services directed towards the well being of the members including the delivery of programs such as diabetes, mental health, healthy babies and many other programs designed to enhance the health of members.

#### **Community Infrastructure**

The infrastructure department provides public services that contribute to sustainability through the provision of maintenance and operating services such as roads, water and sanitation, fire protection, electrical and community buildings.

#### **Community and Economic Development**

This department is responsible for identifying and developing economic opportunities for the benefit of the First Nation and its Members. The department also secures and delivers employment training and culture funding for the First Nation.

#### **Community Property**

This department is responsible for all major renovations to housing stock for the First Nation.

#### **Social Services**

The social services department delivers a variety of programs including Ontario works and offers employment support services. In addition, the department manages the homemakers and national child benefit and child welfare prevention programs.

#### **Housing**

The housing department manages the operations of the various rental housing stock owned by the First Nation including both CMHC and other housing. This includes tenant identification, rent collection and maintenance management.

# WAHTA MOHAWKS

Notes to Financial Statements

Year ended March 31, 2016

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## 8. Segmented information (continued):

### **Business Operations**

The Business Operations division harvests and produces cranberries and related products.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in the summary of significant accounting policies.

## WAHTA MOHAWKS

### Notes to Financial Statements

#### Note 8 - Segmented information (continued)

Year ended March 31, 2016

		Band Administration	Health Services	Community Infrastructure	Education	Community and Economic Development	Social Assistance	Community Property	Business Operations	Restricted Funds	Total
Revenue	\$	277,479	760,535	183,084	574,045	2,805,928	146,856	312,204	307,281	1,096,773	6,464,185
<b>Expenses:</b>											
Salaries, benefits and honorarium		262,756	298,207	206,711	51,453	418,638	29,859	-	248,941	16,934	1,532,499
Materials, supplies and rentals		74,995	275,692	141,157	8,726	41,498	7,883	970,442	423,235	227,873	2,171,511
Contractual and professional		354,505	47,898	5,633	66,697	6,406	43,033	-	2,000	10,371	536,543
Tuition and allowances		-	-	-	249,282	-	-	-	-	-	249,282
Travel and training		7,801	62,020	-	8,067	23,286	10,603	-	8,395	13,544	133,716
Other		(166,826)	58,339	(49,527)	83,190	944,515	49,861	-	558,734	14,172	1,492,458
Amortization		23,749	3,696	219,691	8,951	38,512	-	-	36,956	-	331,655
<u>Investment in tangible capital assets</u>		-	(54,107)	(11,540)	-	-	-	(726,794)	-	(213,461)	(1,005,902)
		556,980	691,745	512,125	476,366	1,472,955	140,249	243,648	1,278,261	69,433	5,441,782
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$</b>	<b>(279,501)</b>	<b>68,790</b>	<b>(329,041)</b>	<b>97,879</b>	<b>1,332,973</b>	<b>6,607</b>	<b>68,556</b>	<b>(970,980)</b>	<b>1,027,340</b>	<b>1,022,423</b>

## WAHTA MOHAWKS

### Notes to Financial Statements

#### Note 8 - Segmented information (continued)

Year ended March 31, 2015

	Band Administration	Health Services	Community Infrastructure	Education	Community and Economic Development	Social Assistance	Community Property	Business Operations	Restricted Funds	Total
<b>Revenue</b>	\$ 239,268	630,082	151,167	580,900	1,385,798	159,459	178,028	214,508	1,096,389	4,615,599
<b>Expenses:</b>										
Salaries, benefits and honorarium	295,121	421,699	239,759	43,734	248,410	18,946	-	268,125	17,550	1,551,344
Materials, supplies and rentals	161,862	303,735	169,123	70,100	40,098	35,062	211,514	740,610	110,348	1,842,448
Contractual and professional	160,637	43,064	2,550	600	6,245	1,297	-	75,264	18,913	308,570
Tuition and allowances	-	-	-	340,867	-	-	-	-	-	340,867
Travel and training	19,715	21,748	2,438	21,895	24,800	10,324	-	7,222	2,092	110,234
Other	(113,090)	52,858	(144,857)	103,027	163,029	60,991	-	(449,774)	6,301	(321,305)
Amortization	23,617	2,707	215,789	8,774	37,234	-	-	102,477	-	390,598
Investment in tangible capital assets	(14,877)	-	-	(8,847)	(5,260)	-	(71,711)	-	(103,486)	(204,181)
	532,985	845,821	485,002	580,150	514,554	126,620	139,803	741,924	51,718	4,018,575
<b>Excess (deficiency) of revenue over expenses</b>	\$ (293,717)	(215,739)	(333,835)	750	851,244	32,839	38,225	(527,416)	1,044,673	597,024