

**Consolidated Financial Statements of**  
**AUNDECK-OMNI-KANING**  
**Year ended March 31, 2014**

**AUNDECK-OMNI-KANING**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

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## MANAGEMENT'S RESPONSIBILITY STATEMENT

The accompanying consolidated financial statements of **Aundeck-Omni-Kaning** are the responsibility of management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to these consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

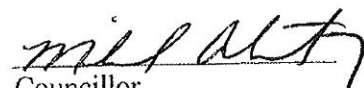
The Aundeck-Omni-Kaning's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Chief and Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.


The consolidated financial statements have been audited by Freelandt Caldwell Reilly LLP, independent external auditors appointed by the Aundeck-Omni-Kaning. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Aundeck-Omni-Kaning's consolidated financial statements.

  
Chief


  
Councillor

  
Councillor

  
Councillor

  
Councillor

  
Councillor

  
Councillor

\_\_\_\_\_  
Councillor

## INDEPENDENT AUDITOR'S REPORT

To: **The Members of Aundeck-Omni-Kaning**

### *Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of **Aundeck-Omni-Kaning** which comprise the consolidated statement of financial position as at **March 31, 2014**, and the consolidated statements of operations and 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 Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles 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.

### *Auditor's 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 auditor's judgement, 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.

*Continued next page*

## INDEPENDENT AUDITOR'S REPORT, continued

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aundeck-Omni-Kaning as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

### *Other Matter*

Our examination was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information included in the schedules is presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

*Freelandt Caldwell Reilly LLP*

**FREELANDT CALDWELL REILLY LLP**

Chartered Professional Accountants  
Licensed Public Accountants

Sudbury, Canada  
August 5, 2014

**AUNDECK-OMNI-KANING**

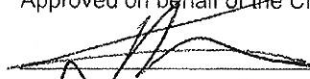

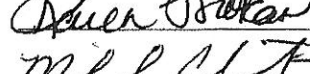
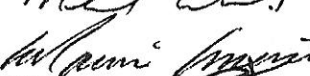
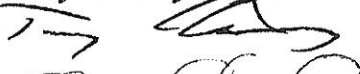

## Consolidated Statement of Financial Position

March 31, 2014, with comparative figures for 2013

	2014	2013
<b>Financial assets:</b>		
Cash	\$ 2,078,592	\$ 2,881,414
Restricted cash - CMHC replacement and operating surplus reserves (note 2)	32,528	32,305
Funds held in trust by Aboriginal Affairs and Northern Development Canada (note 3)	1,810	1,766
Accounts receivable	2,161,261	413,074
Band member loans (note 4)	509,558	631,906
Investment in Great Lakes Hospitality Group Limited Partnership (note 5)	599,771	599,771
Investment in UCCM Building Material Supply Company Ltd. (note 6)	1	1
<b>Total financial assets</b>	<b>5,383,521</b>	<b>4,560,237</b>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	518,799	325,220
Due to Aboriginal Affairs and Northern Development Canada	-	23,334
Deferred contributions (note 7)	20,272	32,726
Long-term debt (note 8)	1,756,773	1,827,590
<b>Total financial liabilities</b>	<b>2,295,844</b>	<b>2,208,870</b>
<b>Net financial assets</b>	<b>3,087,677</b>	<b>2,351,367</b>
<b>Non-financial assets (note 9):</b>		
Tangible capital assets (note 18)	15,585,683	14,343,147
Prepaid expenses	19,214	14,175
<b>Total non-financial assets</b>	<b>15,604,897</b>	<b>14,357,322</b>
<b>Accumulated surplus (note 10)</b>	<b>\$ 18,692,574</b>	<b>\$ 16,708,689</b>
Contingent liabilities (note 11)		
Economic dependence (note 12)		

See accompanying notes to consolidated financial statements

Approved on behalf of the Chief and Council of Aundeck-Omni-Kaning:

 Chief  
 Councilor  
 Councilor  
  
  


**AUNDECK-OMNI-KANING**

## Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2014, with comparative figures for 2013

	Budget	2014	2013
<b>Revenues:</b>			
Aboriginal Affairs and Northern Development of Canada (note 15)	\$ 2,789,795	\$ 3,065,563	\$ 2,737,095
Other	4,911,845	5,270,847	3,698,677
Deferred contributions, beginning of year	2,856	32,726	4,358
	7,704,496	8,369,136	6,440,130
<b>Expenditures (by program area):</b>			
Band Government	825,424	829,246	928,278
Community Infrastructure - O & M	644,666	1,181,797	1,408,560
Community Infrastructure - Other	-	27,250	41,745
Economic Development	416,603	609,482	550,278
Education	1,549,098	1,367,004	1,426,855
Social Development	965,836	1,099,074	939,555
Community Services	759,060	699,000	689,008
Economic Development Loans	30,000	-	-
Enterprise Program	-	76,124	64,969
Social Housing Rentals	175,209	197,512	157,280
Ontario First Nations Limited Partnership Distributions	-	52,382	58,950
Capital Projects	271,867	226,107	116,828
Total expenditures (note 13)	5,637,763	6,364,978	6,382,306
Excess of revenues over expenditures before undernoted items	2,066,733	2,004,158	57,824
Deferred contributions, end of year	-	(20,273)	(32,726)
Funding repaid/repayable to funders	-	-	(17,021)
<b>Excess of revenues over expenditures for the year</b>	<b>2,066,733</b>	<b>1,983,885</b>	<b>8,077</b>
<b>Accumulated surplus, beginning of year</b>	<b>16,708,689</b>	<b>16,708,689</b>	<b>16,700,612</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 18,775,422</b>	<b>\$ 18,692,574</b>	<b>\$ 16,708,689</b>

See accompanying notes to consolidated financial statements



**AUNDECK-OMNI-KANING**

## Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2014 with comparative figures for 2013

	2014	2013
<b>Excess of revenues over expenditures for the year</b>	<b>\$ 1,983,885</b>	<b>\$ 8,077</b>
Amortization of tangible capital assets	634,802	622,602
Acquisition of tangible capital assets	(1,877,337)	(394,742)
Change in prepaid expenses	(5,040)	(4,552)
<b>Increase in net financial assets for the year</b>	<b>736,310</b>	<b>231,385</b>
<b>Net financial assets, beginning of year</b>	<b>2,351,367</b>	<b>2,119,982</b>
<b>Net financial assets, end of year</b>	<b>\$ 3,087,677</b>	<b>\$ 2,351,367</b>

See accompanying notes to consolidated financial statements

**AUNDECK-OMNI-KANING**

## Consolidated Statement of Cash Flows

Year ended March 31, 2014 with comparative figures for 2013

	2014	2013
<b>Cash flows from operating activities:</b>		
Excess of revenues over expenditures for the year	\$ 1,983,885	\$ 8,077
Non-cash charges to operations:		
Amortization of tangible capital assets	634,802	622,602
Change in financial assets and liabilities relating to operations:		
Accounts receivable	(1,748,187)	(46,378)
Prepaid expenses	(5,040)	(4,552)
Accounts payable and accrued liabilities	193,579	(67,354)
Due to Aboriginal Affairs and Northern Development Canada	(23,334)	17,021
Deferred contributions	(12,454)	28,368
<b>Net change in cash from operating activities</b>	<b>1,023,251</b>	<b>557,784</b>
<b>Cash flows from capital activities:</b>		
Cash used to acquire tangible capital assets	(1,877,337)	(394,742)
<b>Cash flows from financing activities:</b>		
Proceeds of long-term debt	-	310,920
Repayment of long-term debt	(70,817)	(63,014)
<b>Net change in cash from financing activities</b>	<b>(70,817)</b>	<b>247,906</b>
<b>Cash flows from investing activities:</b>		
Restricted cash - CMHC replacement and operating surplus reserves	(223)	(241)
Investment in Great Lakes Hospitality Group Limited Partnership	-	(349,771)
Funds held in trust by Aboriginal Affairs and Northern Development Canada	(44)	(43)
Band member loans	122,348	79,142
<b>Net change in cash from investing activities</b>	<b>122,081</b>	<b>(270,913)</b>
<b>Net change in cash for the year</b>	<b>(802,822)</b>	<b>140,035</b>
Cash, beginning of year	2,881,414	2,741,379
<b>Cash, end of year</b>	<b>\$ 2,078,592</b>	<b>\$ 2,881,414</b>

See accompanying notes to consolidated financial statements

# AUNDECK-OMNI-KANING

## Notes to the Consolidated Financial Statements

March 31, 2014

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Aundeck-Omni-Kaning is a First Nation located on the North Channel on Manitoulin Island. The First Nation, under the direction of its Chief and Council and management, operate various programs for the benefit of its members, including municipal services, health services, economic development, housing, education, and other services. Aundeck-Omni-Kaning is a not-for-profit entity and is not taxable under the Canadian Income Tax Act.

### 1. Significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted principles for local government entities established by the Public Sector Accounting Board ("PSAB") of the Professional Accountants of Canada and the Year-End Reporting Handbook of the Department of Aboriginal Affairs and Northern Development Canada. The significant accounting policies are summarized as follows:

(a) Reporting entity and basis of consolidation:

These consolidated financial statements include the assets, liabilities, accumulated surpluses/deficits, revenues and expenses of the entities that have been determined to be accountable to Aundeck-Omni-Kaning, ("the First Nation") and are either owned or under the control of the First Nation.

All inter-entity balances have been eliminated on consolidation but in order to present the results of operations for specific functional areas, transactions amongst functional areas have not necessarily been eliminated in the individual supplementary schedules.

Long-term investments in non-controlled entities are recorded at the lower of cost and net realizable value.

(b) Basis of accounting:

Revenues and expenditures are reported using the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Cash, cash equivalents and short term investments:

Cash and cash equivalents consist of balances held with TD Canada Trust. Investments are recorded at lower of cost and market value.

## AUNDECK-OMNI-KANING

### Notes to the Consolidated Financial Statements

March 31, 2014

#### 1. Significant accounting policies, continued

(d) Tangible capital assets:

Tangible capital assets are recorded at cost. The First Nation provides for amortization using the straight-line method designed to amortize the cost, less any residual value, of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Asset	Rate
Buildings	25 – 40 years
Water & Sewer	10 – 25 years
Roads	40 years
Vehicles	12 – 30 years
Machinery & Equipment	4 – 30 years
Furniture & Miscellaneous	20 – 40 years
CMHC Housing	40 years
Band Housing	40 years
Land improvements	15 years
Other Rental Units	40 years

(e) Revenue recognition and deferred contributions:

Revenues from government grants and contributions are recognized in the period that the events giving rise to the government transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met; and the amount can reasonably be estimated. Funding received under the funding arrangements, which relates to a subsequent fiscal period and the unexpended portions of contributions received for specific purposes are reflected as deferred contributions in the year of receipt and are recognized as revenue in the period in which all of the recognition criteria have been met. Other revenues are recorded on the accrual basis when earned and the amount can be reasonably estimated and collection is reasonably assured.

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and reported amounts of certain revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Amounts specifically affected by estimates in these financial statements are certain accounts receivable, allowance for doubtful accounts, useful lives of tangible capital assets, certain deferred contributions, amounts repayable to certain funders and fair value determinations.

## AUNDECK-OMNI-KANING

### Notes to the Consolidated Financial Statements

March 31, 2014

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(g) Financial instruments:

*Measurement of financial instruments*

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The organization subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, restricted cash, funds held in trust in by Aboriginal Affairs and Northern Development Canada, accounts receivable, band member loans receivable, investment in Great Lakes Hospitality Group Limited Partnership, and investments in UCCM Building Material Supply Company Ltd.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, due to Aboriginal Affairs and Northern Development Canada and long-term debt.

*Impairment*

Financial assets measured at other than fair value are tested for impairment when there are indicators of possible impairments. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

## **AUNDECK-OMNI-KANING**

### Notes to the Consolidated Financial Statements

March 31, 2014

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#### **2. Restricted Cash - CMHC replacement and operating surplus reserves**

Under the terms of agreements with Canada Mortgage and Housing Corporation amounts are to be credited annually to replacement reserves and, where applicable, may be credited to the subsidy surplus and operating reserves. These funds must be held 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 Canada Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal.

#### **3. Funds Held in Trust by Aboriginal Affairs and Northern Development Canada**

Funds Held in Trust by Aboriginal Affairs and Northern Development Canada accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada 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.

#### **4. Band Member Loans**

Included in band member loans is an allowance for doubtful accounts for \$167,292 (2013 - \$155,588).

#### **5. Investment in Great Lakes Hospitality Group Limited Partnership**

The First Nation holds a non-controlling limited partnership interest in Great Lakes Hospitality Group Limited Partnership. This partnership operates a hotel in Little Current, Ontario, which commenced operations in May 2013. The partnership is between 7043821 Canada Inc. (the general partner which the First Nation holds a 14% interest) and other First Nation's and related organizations from in and around the Manitoulin Island area. The investment is currently being accounted for using the cost method.

## AUNDECK-OMNI-KANING

### Notes to the Consolidated Financial Statements

March 31, 2014

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#### 6. Investment in U.C.C.M. Building Material Supply Company Ltd.

The investment is reflected at cost and represents a 16-2/3% ownership interest.

#### 7. Deferred contributions

Deferred contributions consist of the following:

	2014	2013
Health Services (Schedule 9)	\$ 20,272	\$ 31,006
Parental Engagement Strategy (Schedule 7)	-	1,720
	\$ 20,272	\$ 32,726

#### 8. Long-term debt

	2014	2013
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly blended payments of \$2,995 including interest at 2.86% per annum, due January 2019. Insured by Canada Mortgage and Housing Corporation.	\$ 429,080	\$ 453,137
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly blended payments of \$3,348 including interest at 1.82% per annum, due December 2016. Insured by Canada Mortgage and Housing Corporation.	747,238	773,666
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly blended payments of \$2,607 including interest at 1.65% per annum, due June 2017. Insured by Canada Mortgage and Housing Corporation.	580,455	600,787
	\$ 1,756,773	\$ 1,827,590

## AUNDECK-OMNI-KANING

### Notes to the Consolidated Financial Statements

March 31, 2014

#### 8. Long-term debt (continued)

Estimated principal re-payments are as follows:

2015	\$ 71,417
2016	72,948
2017	74,512
2018	76,113
2019	77,751
Subsequent years	1,384,032
	<u>\$ 1,756,773</u>

#### 9. Non-financial assets

Tangible capital assets and prepaid expenses are accounted for as assets by the First Nation because they can be used to provide services to members in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

#### 10. Accumulated Surplus

	2014	2013
Unrestricted operating accumulated surplus	\$ 226,293	\$ 398,493
Internally restricted deferred revenue (expenditures)	223,083	(157,943)
First Nation Enterprises	37,611	33,829
Restricted Ontario First Nations Limited Partnership		
Distributions, 11.1 reporting, regular funds	934,724	927,745
Restricted Ontario First Nations Limited Partnership		
Distributions, 11.1 reporting, Future Generations' funds	1,421,812	1,411,195
Restricted Ontario First Nations Limited Partnership		
Distributions, 9.1 reporting	1,464,824	1,039,061
Restricted funds held in trust in Ottawa	1,810	1,766
Internally restricted community development	196,897	196,897
Internally restricted economic development loans	285,153	283,631
Restricted social housing operating surplus reserve (CMHC)	457	457
Restricted social housing replacement reserve (CMHC)	71,000	58,000
Equity in tangible capital assets	13,828,910	12,515,558
	<u>\$18,692,574</u>	<u>\$16,708,689</u>



## AUNDECK-OMNI-KANING

### Notes to the Consolidated Financial Statements

March 31, 2014

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#### 11. Contingent liabilities

a) Loan guarantees:

The First Nation is contingently liable as guarantor of the bank indebtedness of U.C.C.M. Building Material Supply Company Ltd. At March 31, 2014, U.C.C.M. Building Material Supply Company Ltd.'s letter of credit amounted to \$140,000. At the balance sheet date, no funds have been drawn on this letter of credit.

The First Nation, as a limited partner, has provided a guarantee to a maximum of \$349,494 in favour of a loan from the Bank of Montreal advanced to Great Lakes Hospitality Group Limited Partnership in the amount of \$4,700,000. This guarantee is provided jointly and severally with the other limited partners.

b) Government funding:

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various government agencies. Should these audits result in recoveries of grants, the amount of these recoveries would be recorded in the accounts in the year in which they are determined.

c) Legal claims:

The First Nation is a defendant in a claim in the amount of \$86,000 regarding a labour dispute matter. At the present time, neither the outcome nor the possible settlement, if any, can be determined; accordingly no provision regarding this matter has been recorded in the accompanying financial statements.

#### 12. Economic dependence

The First Nation has a funding arrangement with Aboriginal Affairs and Northern Development Canada which provides funds to administer operations and provide services to its members in accordance with the terms of the funding arrangement.

As this funding arrangement provides the First Nation's major source of revenue, its ability to continue viable operations are dependent upon maintaining this funding arrangement.

## AUNDECK-OMNI-KANING

### Notes to the Consolidated Financial Statements

March 31, 2014

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#### 13. Expenditure by object

As required by Section 1700 of the Public Sector Accounting Board reporting requirements, these financial statements report on expenditures by functions. The First Nation's expenditures by object are as follows:

	2014	2013
Salaries, wages and benefits	\$ 1,386,903	\$ 1,724,651
Amortization	637,063	622,602
Program delivery	2,646,428	2,705,062
Other	1,694,584	1,329,991
	<u>\$ 6,364,978</u>	<u>\$ 6,382,306</u>

#### 14. Bank indebtedness

An operating line of credit has been approved by the TD Canada Trust to a maximum of \$50,000. The operating line is payable on demand, bears interest at the bank's prime lending rate plus 1% per annum and interest is payable monthly. The operating line is secured by a general security agreement. At the balance sheet date, no funds have been drawn on this operating line.

## AUNDECK-OMNI-KANING

### Notes to the Consolidated Financial Statements

March 31, 2014

#### 15. Contribution arrangement funding provided by Aboriginal Affairs and Northern Development Canada

Included in the total funding of \$3,065,562 provided to the First Nation by Aboriginal Affairs and Northern Development Canada is \$317,800 of funding provided under contribution funding arrangements. This contribution funding comprises part of the program funding of the following programs:

	Contribution Funding	Program Expenditures And Transfers
Water – O & M – Schedule 4	\$ 18,173	\$ 57,476
Summer Student Employment – Schedule 6	13,000	13,000
Education – General – Schedule 7	116,277	124,645
Education – Skills Link Program – Schedule 7	5,000	5,000
Basic Needs – Schedule 8	42,500	42,500
Special Needs – Schedule 8	4,100	4,100
Social Assistance Transfer Funding – Schedule 8	77,150	77,150
Ontario Works – Schedule 8	5,600	5,600
National Child Benefit – Schedule 8-1	36,000	36,020
	<b>\$ 317,800</b>	<b>\$ 365,491</b>

## AUNDECK-OMNI-KANING

### Notes to the Consolidated Financial Statements

March 31, 2014

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#### 16. Financial instruments:

Transactions in financial instruments may result in an organization assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of the risk related to financial instruments. The company is exposed to the following risks in respect of certain financial instruments held:

##### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company's main credit risk relate to its cash and accounts receivable.

Credit risk associated with cash is minimized by ensuring these financial assets are placed with financial institutions with high credit ratings.

The organization is exposed to credit risk through its accounts receivables and band member loans of \$2,670,821 (2013 - \$1,044,980), exposure level is low and unchanged from the prior year.

##### *Liquidity risk*

The company does have liquidity risk in the accounts payable and accrued liabilities of \$518,799 (2013 - \$325,220). Liquidity risk is the risk that the company cannot repay its obligations when they become due to its creditors. The company reduces its exposure to liquidity risk by ensure that it documents when authorized payments become due and maintains an adequate line of credit to repay creditors. In the opinion of management, the liquidity risk exposure to the company is low and is not material.

#### 17. Budget Information

Although budget information has been presented on the consolidated statement of operations individual program budgets have not been prepared in a format consistent with the accompanying schedules to the financial statements.