

PEGUIS FIRST NATION

**Consolidated
Financial Statements
For the year ended March 31, 2017**

PEGUIS FIRST NATION

Consolidated Financial Statements **For the year ended March 31, 2017**

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of **PEGUIS FIRST NATION** and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of **PEGUIS FIRST NATION**. The preparation of periodic financial statements involves the use of estimates and approximations because the precise determination of financial information frequently depend on future events. The financial statements have been prepared by management within reasonable limits of materiality and within the framework of Canadian public sector accounting standards.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The **PEGUIS FIRST NATION** Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

BDO Canada LLP, Chartered Professional Accountants, as the First Nation's appointed external auditor, has audited the consolidated financial statements. The Independent Auditor's Report is addressed to the Members and appears on the following page. The opinion is based upon an examination conducted in accordance with Canadian auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of operations of the First Nation in accordance with Canadian public sector accounting standards. BDO Canada LLP has full and free access to the Council.


Chief Glenn Hudson



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Independent Auditor's Report

To the Members of PEGUIS FIRST NATION

We have audited the accompanying consolidated financial statements of PEGUIS FIRST 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 Consolidated Financial Statements

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

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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the 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 qualified audit opinion.

Basis for Qualified Opinion

The First Nation has had pending claims and funding disputes for flood expenditures in the amount of \$ 10,354,553 the valuation and collectability of which is not susceptible of satisfactory audit verification as at the year end. During the previous year, additional claims of \$ 7,075,866 were recorded as recoverable. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the First Nation and claimed to the funders. Therefore, we were not able to determine whether any adjustments might be necessary to other revenues, annual deficit, cash flows from operations for the years ended March 31, 2017 and 2016, financial assets as at March 31, 2017 and 2016, and accumulated surplus as at March 31, 2017 and 2016. Our audit opinion on the consolidated financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of PEGUIS FIRST NATION as at March 31, 2017 and the results of its operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
December 4, 2017

PEGUIS FIRST NATION

Consolidated Statement of Financial Position

March 31 **2017** **2016**

Financial Assets

Restricted cash (Note 3)	\$ 3,012,513	\$ 1,002,815
Accounts receivable (Note 4)	2,085,547	1,608,362
Due from government and government organizations (Note 5)	12,229,756	12,903,097
Long-term investments (Note 6)	1,069,974	1,600,000
	<u>18,397,790</u>	<u>17,114,274</u>

Liabilities

Bank indebtedness	12,927,279	11,212,084
Demand loans (Note 7)	9,185,128	9,641,947
Accounts payable (Note 8)	10,937,155	7,703,009
Accrued termination entitlement (Note 9)	1,912,000	2,051,750
Unexpended funding (Note 10)	7,926,783	4,373,721
Long-term debt (Note 11)	12,489,600	13,399,184
	<u>55,377,945</u>	<u>48,381,695</u>

Net debt

(36,980,155) (31,267,421)

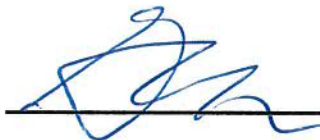
Non-Financial Assets

Tangible capital assets (Note 12)	87,996,812	90,343,205
Inventories	28,558	31,981
Prepaid expenses	35,314	44,220
	<u>88,060,684</u>	<u>90,419,406</u>

Accumulated surplus (Note 13) **\$ 51,080,529** **\$ 59,151,985**

Commitments and contingency (Note 15)

Approved by the First Nation:

 Chief

 Councillor

 Councillor

 Councillor

 Councillor

PEGUIS FIRST NATION

Consolidated Statement of Operations

For the year ended March 31		2017	2016
	Budget	Actual	Actual
Revenue			
First Peoples Development Inc.	\$ 1,770,000	\$ 1,884,770	\$ 1,772,555
Gaming revenue	4,298,345	5,028,580	4,664,222
Federal Government Transfers - Operating (Note 14)	36,000,000	48,131,957	50,057,393
Federal Government Transfers - Capital (Note 14)	-	3,645,933	2,118,960
Provincial Government Transfers - Capital (Note 14)	-	-	1,210,204
Provincial Government Transfers - Operating (Note 14)	200,000	982,038	1,456,097
Rental and tuition recoveries	-	1,283,725	1,323,385
Other income (Note 16)	54,562	5,388,025	10,247,857
	42,322,907	66,345,028	72,850,673
Expenses			
Band Administration	3,791,794	10,053,387	9,294,180
Community Garden	-	36,550	-
Keeyask Training	-	66,333	1,425
Community Services	-	3,423,246	3,704,752
Social Services	5,302,380	6,639,891	6,533,346
HIP Program	-	-	24,452
Emergency Operations Centre	200,000	1,100,826	653,279
Lands and Membership	-	439,219	339,485
Roads and Public Works	973,373	1,234,690	1,215,461
Policing and Security	-	209,671	121,958
Cultural	-	102,000	87,634
PIPD	-	5,000	75,340
CMHC Projects	375,075	861,184	811,676
Capital Housing	1,694,584	5,171,601	5,586,209
CMHC RRAP	-	834,359	144,584
TLE Office	-	991,361	623,526
Fire Hall	-	102,304	105,457
Geothermal Project	-	726	287,645
End of Life Research	-	1,076	14
Women's Project	-	58,170	59,915
Radio Payroll	-	79,576	70,759
Medical Services Flexible Funding Model	1,776,000	1,754,562	1,631,156
Medical Services Set Programs	1,537,678	3,898,511	3,329,714
Set Funded Programs - Band	-	1,823,673	474,350
Skills Link	-	6,735	112,640
Housing	-	1,042,780	1,164,524
Enhanced Medical Travel	-	292,403	233,247
Traditional Health - Trust	-	180,146	164,867
DPMP Fin/Mgmt Pilot Project	-	10,000	-
Moveable Asset Reserve	-	22,720	-
S500 Project	-	487,301	8,576,629
School Operations	6,949,766	7,783,393	8,001,965
Plant and Teacherages	1,166,000	1,983,713	2,116,337
Student Transportation	1,275,000	1,636,685	1,532,195
PHP, PS and Special Programs	4,055,000	4,262,933	4,576,628
Personal Care Home	1,782,047	1,943,255	2,208,320
Elderly Persons Home	-	15,685	26,001
Institutional Care - Type 1	-	445,763	434,890
VLT Operation o/a Peguis Gaming Commission	2,795,622	3,149,802	2,960,306
Treaty Committee	1,043,212	2,594,941	2,087,496
Economic Development	420,000	438,118	477,243
Training & Employment	1,870,000	2,033,176	1,911,103
Business Planning	-	(376)	46,043
McPherson Local Roads	-	288,479	-
Fuel Tank Decommissioning	-	86,089	-
Structured Mitigation	-	185,054	-
DPMP Pilot Project	-	35,109	-
Al-Care Treatment Centre	-	1,884,735	1,309,184
Fisher Ambulance Service	304,532	691,903	619,361
Summer Work Experience	-	285,529	350,987
Set Funded Programs - Education	1,600,000	3,713,904	2,395,821
Map & Prevention	-	28,593	-
	38,912,063	74,416,484	76,482,104
Annual surplus (deficit)	\$ 3,410,844	(8,071,456)	(3,631,431)
Accumulated surplus, beginning of year		59,151,985	62,783,416
Accumulated surplus, end of year		\$ 51,080,529	\$ 59,151,985

PEGUIS FIRST NATION

Consolidated Statement of Changes in Net Debt

For the year ended March 31		2017	2016
	Budget	Actual	Actual
Annual surplus (deficit)	\$ 3,410,844	\$ (8,071,456)	\$ (3,631,431)
Acquisition of tangible capital assets	-	(1,926,747)	(3,767,715)
Inventories	-	3,423	(24,860)
Prepaid expenses	-	8,906	54,054
Amortization of tangible capital assets	-	4,273,140	4,377,438
(Increase) decrease in net debt	<u>\$ 3,410,844</u>	<u>(5,712,734)</u>	<u>(2,992,514)</u>
Net debt, beginning of year		<u>(31,267,421)</u>	<u>(28,274,907)</u>
Net debt, end of year		<u>\$ (36,980,155)</u>	<u>\$ (31,267,421)</u>

PEGUIS FIRST NATION

Consolidated Statement of Cash Flows

For the year ended March 31	2017	2016
Net Inflow (Outflow) of Cash Related to the Following Activities:		
Operating Activities		
Annual deficit	\$ (8,071,456)	\$ (3,631,431)
Adjustments for items not affecting cash		
Amortization of capital assets	4,273,140	4,377,438
	<u>(3,798,316)</u>	<u>746,007</u>
Net change in non-cash working capital balances (Note 17)	6,855,943	(5,761,344)
Cash provided by (used in) operating activities	<u>3,057,627</u>	<u>(5,015,337)</u>
Capital Activities		
Proceeds from sale of tangible capital assets	-	27,060
Purchase of capital assets	<u>(1,926,747)</u>	<u>(3,767,715)</u>
Cash used in capital activities	<u>(1,926,747)</u>	<u>(3,740,655)</u>
Investing Activities		
Capital removed from limited partnerships	<u>530,026</u>	<u>-</u>
Financing Activities		
Long-term debt proceeds	-	2,365,144
Long-term debt repayment	(909,584)	(747,790)
Demand loans repayment	<u>(456,819)</u>	<u>(10,796,773)</u>
Cash used in financing activities	<u>(1,366,403)</u>	<u>(9,179,419)</u>
Increase (decrease) in cash and cash equivalents	294,503	(17,935,411)
Cash (bank indebtedness), beginning of year	<u>(10,209,269)</u>	<u>7,726,142</u>
Bank indebtedness, end of year	<u>\$ (9,914,766)</u>	<u>\$ (10,209,269)</u>
Represented by		
Cash and bank	\$ (12,927,279)	\$ (11,212,084)
Restricted cash	<u>3,012,513</u>	<u>1,002,815</u>
	<u>\$ (9,914,766)</u>	<u>\$ (10,209,269)</u>
Supplementary Information		
Interest paid	<u>\$ 1,524,054</u>	<u>\$ 942,367</u>

PEGUIS FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2017

1. Summary of Significant Accounting Policies

a) Basis of Accounting

These financial statements were prepared using the accrual basis of accounting in accordance with Canadian public sector accounting standards. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

b) Basis of Consolidation

The Peguis First Nation reporting entity includes the Peguis First Nation government and all related entities which are accountable to Peguis First Nation and are either owned or controlled by Peguis First Nation.

These financial statements consolidate the assets, liabilities and results of operations for Peguis First Nation and use accounting standards which lend themselves to consolidation. All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific segment, transactions amongst programs have been eliminated on the segment disclosures separately.

During the prior year, Peguis Development Corporation Ltd. was transferred to Chief Peguis Investment Trust. However Peguis First Nation retained control over the organization until the current year.

The following entities' results of operations are included in these financial statements under the full consolidation method:

Unincorporated Departments

Peguis School Board
Peguis Health Services
Peguis Training and Employment
Peguis Gaming Commission
Peguis Treaty Committee
Peguis Recreation Committee
Peguis Housing Authority
Peguis Arena Committee
Peguis TLE Implementation Office

Subsidiaries

Peguis Senior Centre Inc.	100% owned
Fisher Ambulance Service Ltd.	100% owned
Peguis Al-Care Treatment Centre Board of Directors Inc.	100% owned
6223291 Manitoba Ltd.	100% owned
6780734 Manitoba Ltd.	100% owned

c) Investments

Investments in loans are initially recorded at cost. Valuation allowances are used to reflect loans receivable at the lower of cost and net recoverable value.

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Notes to Consolidated Financial Statements

For the year ended March 31, 2017

1. Summary of Significant Accounting Policies (continued)

d) Revenue Recognition

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

Government transfers are the transfer of assets that are recognized and released by the payor government and are not representative of the full benefit of the recipient government's treaty entitlements. Government transfers are not the result of an exchange transaction, are not expected to be repaid in the future or are the result of a direct financial return.

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

e) Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at purchased fair value at the time of the contribution, with a corresponding amount recorded as revenue. Crown lands received by Treaty Land Entitlement process are not recorded unless these are purchased by the First Nation.

Amortization based on the estimated useful life of the asset is recorded once the asset is available for productive use as follows:

Infrastructure	5% straight-line basis
Buildings	20 to 40 years straight-line basis
Equipment	6 % to 20% straight-line basis
Automotive	20% straight-line basis

f) Financial Instruments

The First Nation's financial instruments consist of cash and bank, bank indebtedness, restricted cash, accounts receivable, due from government and government organizations, long-term investments, accounts payable, demand loans and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

PEGUIS FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2017

1. Summary of Significant Accounting Policies (continued)

g) Measurement Uncertainty

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from management's best estimates as additional information becomes available in the future.

Measurement uncertainty exists specifically in the determination of accounts receivable, useful life capital assets, termination entitlements and unexpended funding. The recovery of eligible costs and reconciliation of funding provided for emergency flood operations and other restricted funding is dependent upon future events.

h) Employee Future Benefits

The First Nation maintains a defined contribution pension plan for its personnel. Expenses for this plan are equal to the First Nation's required contribution for the year.

The First Nation also offers termination benefits to its employees upon voluntary or involuntary termination of employment. The liability for this plan is determined using the projected benefit method and based on best estimate assumptions based on the employees' projected tenure and salary. The First Nation's expense is recorded as the change in the liability for the year.

i) Restricted Cash

Restricted cash balances represent assets segregated for use for replacement reserves in accordance with CMHC and FNIHB operating agreements. Restricted cash includes trust funds held by INAC and legal counsel and cash held as security for long term debt.

j) Liability for Contaminated Sites

Liabilities for remediation of a contaminated site are recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. At each financial reporting date, the First Nation reviews the carrying amount of any liability and remeasures.

2. Nature of Entity

The First Nation is a non-profit, non-taxable entity and is engaged in the social, cultural, educational and economic development of First Nation citizens of Peguis First Nation. The First Nation provides services such as fire, ambulance, public works, community planning, parks and recreation, library and other general government operations. These financial statements do not include the following:

PEGUIS FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2017

2. Nature of Entity (continued)

Peguis First Nation TLE Trust

Peguis First Nation (Peguis) entered into a Treaty Entitlement Agreement with the governments of Canada and Manitoba for the purpose of acquiring up to 166,794 acres of additional reserve lands. Under the agreement, Peguis agreed to create the Peguis First Nation Trust (the "Trust") to manage and administer certain monies to be paid for the purchase of land and other implementation administration. An additional sum was to be received for community purposes as set out in the agreement. The Trust is commonly known as the Peguis First Nation Treaty Land Entitlement (TLE) Trust. The Trust was created September 7, 2007 with Peguis, as settlor, contributing \$100 as the initial trust property. The beneficiary of the trust is Peguis. The Trust is managed and controlled by an independently elected Board of Trustees.

Peguis First Nation Surrender Claim Trust

Peguis submitted a claim to Her Majesty the Queen in right of Canada (Canada) under Canada's Specific Claims Policy with respect to the purported surrender by Peguis, on or about September 24, 1907, of its rights and interests in the land referred to as the St. Peters Reserve. Peguis and Canada entered into a settlement agreement in order to settle the claim submitted by Peguis to Canada. The Trust was settled on June 15, 2009. The Trust accounts for its activities as a not-for-profit organization as its trustees and members do not receive any financial interest directly from the Trust. Taxable income in the trust is allocated to the beneficiary annually and as such the Trust is not subject to income tax. The Trust is managed and controlled by an independently elected Board of Trustees.

Chief Peguis Investment Trust

The Trust was created June 1, 2012 with Peguis, as settlor, contributing the initial trust property. The Trust was formed to receive and hold monies from various business interests. The beneficiary of the trust is Peguis. The Trust is managed and controlled by Board of Trustees who were initially appointed from Trustees elected for the other trusts. All subsequent Trustees will be elected.

3. Restricted Cash

Under the terms of the agreements with CMHC, the replacement reserve account is to be credited in the amount of \$62,223 (\$79,440 in 2015) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation (CDIC) or as may otherwise be approved by CDIC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are charged to interest first and then principal. Cash and cash equivalents is comprised of the following:

	2017	2016
<u>Externally Restricted Reserves:</u>		
BMO treasury accounts for housing (i)	\$ 1,008,258	\$ 1,001,313
PEM Hospital	2,000,000	-
CMHC Replacement Reserve	2,951	1,466
INAC Trust (ii)	1,304	36
	<u>\$ 3,012,513</u>	<u>\$ 1,002,815</u>

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Notes to Consolidated Financial Statements

For the year ended March 31, 2017

3. Restricted Cash (continued)

(i) BMO treasury accounts for housing

Under the terms of the Funding direction with the Peguis Surrender Trust, \$3,500,000 was to be placed into a treasury account for future project development.

(ii) INAC Funds Held in Trust

The restricted cash balance contains the surplus of monies held in trust for Peguis First Nation by the Department of Indigenous and Northern Affairs Canada. The change in the trust balance during the year was as follows:

	2017		2016
Trust balance, beginning of year	\$ 36	\$	41,192
Interest earned	1,268		844
Expenses incurred for land management	-		(42,000)
Trust balance, end of year	\$ 1,304	\$	36

4. Accounts Receivable

	2017		2016
Chief Peguis Investment Corporation	\$ 1,293,574	\$	1,293,574
Health Services	69,219		17,408
Band Administration	171,036		282,656
School Board	208,794		98,261
Senior Centre	9,254		72,852
Gaming Commission	40,992		8,100
Treaty Committee	220,000		-
Al-Care Treatment Centre	-		15,000
Training and Employment	391,202		253,376
Fisher Ambulance Service	215,942		105,592
TLE Implementation Services	1,087		1,087
Related parties	174,147		-
Allowance for doubtful accounts	(709,700)		(539,544)
	\$ 2,085,547	\$	1,608,362

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Notes to Consolidated Financial Statements

For the year ended March 31, 2017

5. Due from Government and Government Organizations

	<u>2017</u>	<u>2016</u>
GST receivable	\$ 218,635	\$ 230,681
Indigenous and Northern Affairs Canada		
Current funding received after year-end	433,375	1,047,845
Kapyong court costs	886,912	886,912
Province of Manitoba tobacco tax rebates	336,281	383,106
Flooding receivables (see auditor's report)	<u>10,354,553</u>	<u>10,354,553</u>
	<u>\$ 12,229,756</u>	<u>\$ 12,903,097</u>

6. Long-term Investments

The investment balance reported represents the investments in loans:

	<u>2017</u>	<u>2016</u>
<u>Loans receivable:</u>		
Demand promissory notes receivable, unsecured, non-interest bearing, repayable upon demand in 24 monthly instalments of principal.	<u>\$ 1,069,974</u>	<u>\$ 1,600,000</u>

In 2014, three businesses: Peguis Hardware LP, Peguis Foods LP, and Peguis Midway LP were sold to Chief Peguis Investment Trust for the sum of \$1,600,000 in aggregate.

7. Demand Loans

	<u>2017</u>	<u>2016</u>
Royal Bank of Canada demand loan	\$ 408,186	\$ 427,018
Bank of Montreal demand loans	2,083,709	1,993,554
Bank of Montreal demand construction loan	<u>6,693,233</u>	<u>7,221,375</u>
	<u>\$ 9,185,128</u>	<u>\$ 9,641,947</u>

The Royal Bank of Canada bank overdrafts and demand facilities are due on demand and bear interest at 3.09%. They are secured by a Directional Payment Agreement acknowledged by the Federal Government agencies covering all funding.

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Notes to Consolidated Financial Statements

For the year ended March 31, 2017

7. Demand Loans (continued)

The Bank of Montreal demand loans are due on demand and bears interest at the Bank of Montreal's prime rate plus 1.75% to 2.00% (4.45% to 4.70% effective rate), paid monthly. Payments consist of interest only for the first 12 months following the date of initial advance followed by principal and interest payments monthly thereafter amortized over 180 months. The demand loan is secured by the cash held in the Housing Trust. The demand construction loan is secured by an assignment of materials contracts, permits, agreements, licences, and management agreements. Additional security for all BMO loans includes a general security agreement, unlimited guarantee granted by each guarantor, a mortgage and assignment of rents and leases over the certain lands, direction and blocked account agreement, cash held in the Cash Collateral Account, and assignment of all property and perils insurance.

8. Accounts Payable

	2017	2016
Band Administration	\$ 6,064,863	\$ 4,589,964
Source deductions and pension payable	184,354	152,955
Health Services	507,703	296,005
School Board	656,560	572,441
Senior Centre	1,302,144	251,857
Gaming Commission	196,270	109,259
Treaty Committee	23,819	29,958
Al-Care Treatment Centre	50,922	30,242
Training and Employment	124,971	81,662
Fisher Ambulance Service	16,292	16,768
TLE Implementation Services	115,332	92,080
Provision for on-reserve member mortgages	1,693,925	1,479,818
	\$ 10,937,155	\$ 7,703,009

9. Employee Future Benefits

Accrued Termination Entitlement

Accrued termination obligations are based on an actuarial valuation as at March 31, 2017.

The First Nation's contractual commitment for the termination entitlement for employees is to pay out 1 week of salary for each year of service upon voluntary or involuntary termination of employment, if the employee has full-time status of employment and has completed one full year of service, subject to certain maximum entitlements.

The significant actuarial assumptions adopted in measuring the First Nation's accrued termination entitlement include actual periods of service, including fractional years and projected salaries to the date of termination. Significant assumptions include a discount rate of 5.0% (5.0% in 2016), a rate of salary increase of 3.5% (3.5% in 2016) plus an age related merit/promotion scale, probability of termination and retirement.

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Notes to Consolidated Financial Statements

For the year ended March 31, 2017

9. Employee Future Benefits (continued)

An analysis of the changes in the employee benefits payable is as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 2,051,750	\$ 1,992,200
Net increase (decrease) in termination entitlements	<u>(139,750)</u>	<u>59,550</u>
Balance, end of year	<u>\$ 1,912,000</u>	<u>\$ 2,051,750</u>

Pension Plan

The expense for the First Nation's pension plan for the year was \$802,730 (\$744,387 in 2016). The plan is funded equally by the First Nation and the First Nation's employees at rates of 5.0% to 5.5% of the employee's salaries. The funds are invested in mutual funds as directed by the First Nation's individual employees' investment directives.

10. Unexpended Funding

The unexpended funding balance represents funding advances provided to Peguis First Nation by the Department of Indigenous and Northern Affairs Canada and the Government of Canada and other sources.

	<u>2017</u>	<u>2016</u>
Deferred revenue - opening	\$ 4,373,721	\$ 14,012,199
Add: current deferral	7,623,329	999,445
Less: Deferred revenue recognized	<u>(4,070,267)</u>	<u>(10,637,923)</u>
	<u>\$ 7,926,783</u>	<u>\$ 4,373,721</u>

PEGUIS FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2017

10. Unexpended Funding (continued)

The balance of deferred revenue consists of the following:

	2017	2016
Indigenous and Northern Affairs Canada		
Flood advances recoverable (i) below	\$ 2,930,800	\$ 2,930,800
Business Planning	62,823	62,823
Remediation	-	650,933
NTR3 Recovery	40,350	-
Natural Resources Canada	13,500	-
Flood Recovery	247,856	247,856
McPherson Bridge - Ab's Crossing	1,953,000	-
Trust Funding from Lands Management	45,000	-
Renovations and Additions	250,000	-
Health Canada		
Trust Capital Funding	80,000	80,000
Percy E. Moore Hospital and Renovation	2,000,000	-
Other		
Peguis Senior Centre	87,797	87,797
Peguis Lands Management Trust funding	-	45,000
Treaty Land Entitlement Office Funds	99,021	97,847
Peguis Al-Care Treatment Centre	116,636	170,665
	\$ 7,926,783	\$ 4,373,721

- (i) The First Nation had received advances to assist with Flood expenditures in previous years from the Department of Indigenous and Northern Affairs Canada. As at March 31, these advances outstanding amounted to \$2,930,800 (\$2,930,800 in 2016). These advances have been included in INAC unearned revenues, are non-interest bearing and will be deducted from future annual entitlements as follows:

2018	\$ 1,635,600
2019	1,295,200
	<u>\$ 2,930,800</u>

PEGUIS FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2017

11. Long-term Debt

	2017	2016
Bank of Montreal loan payable at 4.85%, due April 2026, monthly payments of \$6,337 principal and interest. Secured by a Directional Payment Agreement acknowledged by the Federal Government agencies covering all funding.	\$ 413,107	\$ 604,059
Bank of Montreal credit line of \$350,000, payable at 4.85%, due upon request, monthly interest payment of \$1,395	350,000	350,000
CMHC mortgage payable at 1.92%, due April 2019, monthly payments of \$7,560 principal and interest, secured by an INAC Ministerial Guarantee, a CMHC loan agreement and an assignment of fire insurance.	960,273	1,031,929
CMHC mortgage payable at 1.01%, due February 2031, monthly payments of \$6,921 principal and interest, secured by an INAC Ministerial Guarantee, a CMHC loan agreement and an assignment of fire insurance.	1,078,154	1,149,975
Demand mortgage payable at 2.65%, due January 2021, monthly payments of \$7,268 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	277,160	358,709
Mortgage payable at 2.03%, due October 2017, monthly payments of \$3,403 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	23,653	63,570
\$100,000 advance provided by CMHC as Proposal Development Funding for constructing a new affordable personal care home on the Peguis First Nation.	100,000	100,000
Mortgage payable at 1.71%, due September 2032, monthly payments of \$4,090 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	665,010	702,441
CMHC mortgage payable at 1.30%, due December 2040, monthly payments of \$5,370 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement, and an assignment of fire insurance.	1,317,033	1,369,493
Carried forward	\$ 5,184,390	\$ 5,730,176

PEGUIS FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2017

11. Long-term Debt (continued)

	2017	2016
Brought forward	\$ 5,184,390	\$ 5,730,176
BMO term loan payable at prime plus 2.00%, due September 2017, monthly payments of interest, and a 240 month straight-line amortization of any amount drawn until the maturity date at which time any outstanding amounts are to be repaid in full, secured by a general security agreement, unlimited guarantee granted by each Guarantor, the Portage Mortgage, assignment of rents and leases over the Portage lands, direction and blocked account agreement, cash held in the Cash Collateral Account, and assignment of all property and perils insurance.	4,025,001	4,255,001
BMO term loan payable at prime plus 2.00%, due September 2017, monthly payments of interest, secured by a general security agreement, unlimited guarantee granted by each Guarantor, the Portage Mortgage, assignment of rents and leases over the Portage lands, direction and blocked account agreement, cash held in the Cash Collateral Account, assignment of all property and perils insurance, and an assignment of materials contracts, permits, agreements, licences, and management agreements	877,200	991,617
BMO term loan payable at prime plus 2.00%, due September 2017, monthly payments of interest, and a 240 month straight-line amortization of any amount drawn until the maturity date at which time any outstanding amounts are to be repaid in full, secured by a general security agreement, unlimited guarantee granted by each Guarantor, the Portage Mortgage, assignment of rents and leases over the Portage lands, direction and blocked account agreement, cash held in the Cash Collateral Account, assignment of all property and perils insurance, an assignment of materials contracts, permits, agreements, licences, and management agreements, and mortgage of a sublease over Reserve lands where the RCMP Project is located.	218,465	229,963
Mortgage payable at 0.00%, due September 2038, one time balloon payment of \$7,000,000 due at maturity. Secured by a mortgage on land. Recorded at initial present value and remeasured annually.	1,883,034	1,773,937
Vehicle loan payable at 6.89%, due August 2019, monthly payments of \$582 principal and interest.	11,993	17,927
Vehicle loan payable at 5.69%, due August 2019, monthly payments of \$1,275 principal and interest.	18,773	36,910
Carried forward	\$ 12,218,856	\$ 13,035,531

PEGUIS FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2017

11. Long-term Debt (continued)

	2017	2016
Brought forward	\$ 12,218,856	\$ 13,035,531
Vehicle loan payable at 5.50%, due November 2019, monthly payments of \$1,065 principal and interest.	31,640	42,366
Vehicle loan payable at 5.50%, due January 2020, monthly payments of \$1,293 principal and interest.	40,613	53,311
Vehicle loan payable at 5.50%, due June 2019, monthly payments of \$2,729 principal and interest.	60,137	97,239
Vehicle loan payable at 6.50%, due December 2020, monthly payments of \$3,632.42 principal and interest.	138,354	170,737
	\$ 12,489,600	\$ 13,399,184

Interest expense for the year on long-term debt	\$ 612,008	\$ 345,716
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Under the loan agreement the First Nation has certain reporting and financial covenants for surpluses and a debt service ratio coverage of 120% for both years. The First Nation is in violation of the reporting and financial covenants for the BMO term loan facilities and as a result all BMO loans are in default and due on demand.

The future minimum payments for the next five years and thereafter assuming callable debt is not demanded are:

2018	\$ 946,829
2019	6,531,481
2020	439,641
2021	1,181,881
2022	1,350,634
Thereafter	2,039,134
	\$ 12,489,600

PEGUIS FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2017

12. Tangible Capital Assets

	2017				
	Land and Infrastructure	Buildings	Equipment	Automotive	Total
Cost, beginning of year	\$ 43,269,831	\$ 87,734,017	\$ 4,803,838	\$ 9,345,250	\$ 145,152,936
Additions	109,097	1,446,010	62,254	309,386	1,926,747
Cost, end of year	43,378,928	89,180,027	4,866,092	9,654,636	147,079,683
Accumulated amortization, beginning of year	(15,896,176)	(28,605,704)	(4,228,568)	(6,079,283)	(54,809,731)
Amortization	(286,410)	(3,056,983)	(235,811)	(693,936)	(4,273,140)
Accumulated amortization, end of year	(16,182,586)	(31,662,687)	(4,464,379)	(6,773,219)	(59,082,871)
Net carrying amount, end of year	\$ 27,196,342	\$ 57,517,340	\$ 401,713	\$ 2,881,417	\$ 87,996,812

	2016				
	Land and Infrastructure	Buildings	Equipment	Automotive	Total
Cost, beginning of year	\$ 43,111,367	\$ 84,538,486	\$ 4,798,421	\$ 9,037,880	\$ 141,486,154
Additions	158,464	3,195,531	12,417	401,303	3,767,715
Disposals	-	-	(7,000)	(93,933)	(100,933)
Cost, end of year	43,269,831	87,734,017	4,803,838	9,345,250	145,152,936
Accumulated amortization, beginning of year	(15,603,468)	(25,532,457)	(3,957,209)	(5,440,093)	(50,533,227)
Amortization	(292,708)	(3,073,247)	(278,359)	(733,124)	(4,377,438)
Disposals	-	-	7,000	93,934	100,934
Accumulated amortization, end of year	(15,896,176)	(28,605,704)	(4,228,568)	(6,079,283)	(54,809,731)
Net carrying amount, end of year	\$ 27,373,655	\$ 59,128,313	\$ 575,270	\$ 3,265,967	\$ 90,343,205

PEGUIS FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2017

13. Accumulated Surplus

The First Nation segregates its accumulated surplus in the following categories:

	2017	2016
Investment in tangible capital assets	\$ 75,507,212	\$ 76,944,021
Current funds	(24,855,016)	(18,254,618)
Replacement Reserve funds		
CMHC	388,297	356,031
Health Canada MAR (First Nation and AI-Care)	40,036	106,551
	\$ 51,080,529	\$ 59,151,985

Replacement reserves:

	CMHC	FNIHB MAR	2017	2016
Balance, beginning of year	\$ 356,031	\$ 106,551	\$ 462,582	\$ 509,375
Allocations	62,223	56,366	118,589	134,377
Adjustment to reserves	(5,717)	-	(5,717)	(48,089)
Expenses	(24,240)	(122,881)	(147,121)	(133,081)
Balance, end of year	\$ 388,297	\$ 40,036	\$ 428,333	\$ 462,582

The replacement reserve balance consists of a net accumulation of the levy on operations, recoveries collected and expenditures paid for by the reserve since inception in accordance with the agreement with Canada Mortgage and Housing Corporation (CMHC).

14. Government Transfers

	2017			2016		
	Operating	Capital	Total	Operating	Capital	Total
Federal government transfers:						
INAC	\$ 40,106,287	\$ 2,875,000	\$ 42,981,287	\$ 43,007,417	-	\$ 43,007,417
Health Canada	7,105,325	770,933	7,876,258	6,403,106	2,118,960	8,522,066
HRSDC	-	-	-	-	-	-
CMHC	853,145	-	853,145	579,670	-	579,670
Public Safety Canada	-	-	-	-	-	-
RCMP Housing	67,200	-	67,200	67,200	-	67,200
	48,131,957	3,645,933	51,777,890	50,057,393	2,118,960	52,176,353
Provincial government transfers	982,038	-	982,038	1,456,097	1,210,204	2,666,301
	\$ 49,113,995	\$ 3,645,933	\$ 52,759,928	\$ 51,513,490	\$ 3,329,164	\$ 54,842,654

PEGUIS FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2017

14. Government Transfers (continued)

Indigenous and Northern Affairs Canada (INAC) Revenue Reconciliation

	2017	2016
INAC cash release confirmation	\$ 44,587,204	\$ 35,071,923
Plus: Prior year deferral of Remediation funds	650,933	-
Plus: Prior year deferral of S500 funds	-	8,047,194
Plus: Prior year deferral of Roads and Bridges funds	-	850,000
Less: Current year deferral of Remediation funds	-	(650,933)
Plus: Prior year deferral of Business Planning fund	-	11,656
Less: First charges deducted	-	(259,600)
Less: Current year deferral of Renovations and Additions	(250,000)	-
Less: Current year deferral of McPherson Road funds	(1,953,000)	-
Less: Current year deferral of Recovery funds	(40,350)	-
Less: Current year deferral of Business Planning funds	-	(62,823)
Less: Current year deferral of Natural Resources Canada	(13,500)	-
Total INAC revenue reported	\$ 42,981,287	\$ 43,007,417

The First Nation is party to a multi-year Canada First Nation Funding arrangement which expires and is due for renewal by April 1, 2019.

Peguis First Nation allocated its block funding across other programs as follows:

	2017	2016
<u>Elementary/Secondary:</u>		
Peguis School Operations	\$ 6,616,412	\$ 7,096,470
Student Transportation	1,481,208	826,523
	\$ 8,097,620	\$ 7,922,993
<u>Post-Secondary:</u>		
Band Support	\$ 2,000,000	\$ 2,000,000
Post-secondary and Special Programs	6,274,636	4,139,322
	\$ 8,274,636	\$ 6,139,322
<u>Social Services:</u>		
Community Services	\$ -	\$ 500,000
Social Services	7,493,466	6,831,868
	\$ 7,493,466	\$ 7,331,868
<u>Operating & Maintenance:</u>		
Roads and Public Works	\$ 1,500,234	\$ 1,206,147
Fire Hall	98,957	98,957
	\$ 1,599,191	\$ 1,305,104
<u>Indian Government Services - Band:</u>		
Band Support	\$ 1,970,457	\$ 1,970,457
School Operations	-	-
	\$ 1,970,457	\$ 1,970,457

PEGUIS FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2017

15. Commitments and Contingency

The First Nation has guaranteed on-reserve mortgages for its members. As at March 31, \$3,428,166 (\$3,533,430 in 2016) has been guaranteed by the First Nation. Of this amount \$1,693,925 of the loans were in default at year end and as the First Nation no longer has security on these balances a provision for this amount has been recorded in the First Nation's records.

The First Nation has guaranteed a line of credit of \$75,000 for Peguis Hardware LP. At March 31, 2017, the limited partnership had \$75,000 of undrawn capacity under this facility. (\$75,000 in 2016).

The First Nation has guaranteed a line of credit of \$100,000 for Peguis Midway LP. At March 31, 2017, the limited partnership had \$75,000 of undrawn capacity under this facility. (\$75,000 in 2016).

The First Nation has been named in a countersuit with a former advisor for contingency and other billings. Legal counsel has advised that it is unlikely that the countersuit will be successful. The First Nation's claim against the advisor may provide a recovery of \$3,200,000 to \$5,000,000 of costs already paid. A provision for this claim has not been made in the financial statements as this is dependent upon future events.

16. Other Income

	<u>2017</u>	<u>2016</u>
Ambulance fees	\$ 531,957	\$ 430,694
Community trust funding	2,015,573	1,709,003
Concessions	137,010	110,798
Hockey, arena, and fundraising	596,098	567,641
Interest revenue	256,500	178,922
Recoveries recorded for past flooding expenses (see auditor's report)	-	7,075,866
Sundry - interchanges, cost recoveries, tobacco sales	1,850,887	174,933
	<u>\$ 5,388,025</u>	<u>\$ 10,247,857</u>

PEGUIS FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2017

17. Net Change in Non-cash Working Capital Balances

	<u>2017</u>	<u>2016</u>
Accounts receivable, including receivables due from government	\$ 196,156	\$ 4,211,613
Prepaid expenses	8,906	54,054
Inventories	3,423	(24,860)
Account payable	3,234,146	(423,223)
Unexpended funding	3,553,062	(9,638,478)
Accrued termination entitlement	(139,750)	59,550
	<u>\$ 6,855,943</u>	<u>\$ (5,761,344)</u>

18. Budget

The Management Action Plan (Budget) adopted by Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the consolidated statements of operations and change in net debt represent the Financial Plan were without adjustments for amortization:

	<u>2017</u>
Management Action Plan (Budget) surplus for the year	\$ 3,410,844
Less: Amortization	<u>-</u>
Budget surplus per statement of operations	<u>\$ 3,410,844</u>

PEGUIS FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2017

19. Expenses by Object

Expenses by object comprise the following:

	<u>2017</u>	<u>2016</u>
Salaries and benefits	\$ 25,262,025	\$ 24,585,485
Repairs and maintenance	2,422,969	3,136,198
Contractors	6,348,960	11,344,857
Social assistance	6,198,246	5,976,583
Amortization	4,282,115	4,381,315
Office and administration	2,398,277	2,311,094
Interest and bank charges	1,675,848	1,330,323
Donations, travel, equipment rentals, professional fees, & other	25,828,044	23,416,249
	<u>\$ 74,416,484</u>	<u>\$ 76,482,104</u>

20. Subsequent event

On October 6, 2017, the First Nation entered into a financing agreement with a private party to bridge capital projects. This bridge finance and the recurring covenant violations have caused the First Nation to breach its credit facility with BMO. BMO has subsequently been replaced as primary financier.

21. Segmented Information

First Nation is a diversified community that provides a wide range of services to its members. For management reporting purposes the Peguis First Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations.

The services are provided by the several entities of Peguis First Nation. These activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed:

Public Works

Public Works contains all activities that relate to the maintenance of buildings and land of the First Nation.

Social Development and Income Assistance

Social Development contains activities that provide financial support or support by other means to band members that are aimed at developing both the individual as well as the community.

Finance & Administration

Finance & Administration contains activities that are needed to run the Peguis Indian Band organization.

PEGUIS FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2017

21. Segmented Information (continued)

Health Services

Health Services contains activities that provide medical services to band members.

Education

Education Services contains activities that provide education to band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

Training & Development

Training & Development contains activities that provide financial support or support by other means to band members and organizations situated on the First Nation reserve that is aimed at developing personal skills and businesses.

Housing

Housing contains activities that provide housing and repairs and maintenance to band members' housing.

Gaming

Gaming contains activities that provide gaming services to both band members and non-band members.

PEGUIS FIRST NATION
Notes to Consolidated Financial Statements

For the year ended March 31

21. Segmented Information (continued)

	Public Works	Social Development	Finance & Administration	Health Services	Education	Training & Development	Housing	Gaming	Eliminations	2017 Total
Revenue										
INAC	\$ 6,600,471	\$ 7,493,466	\$ 4,244,622	\$ 2,543,983	\$ 17,325,976	\$ 645,399	\$ 4,127,370	\$ -	\$ -	\$ 42,981,287
Sundry and other federal	309,481	2,127,702	2,419,638	8,128,394	1,004,282	2,184,259	1,590,351	7,169,978	(1,570,344)	23,363,741
	<u>6,909,952</u>	<u>9,621,168</u>	<u>6,664,260</u>	<u>10,672,377</u>	<u>18,330,258</u>	<u>2,829,658</u>	<u>5,717,721</u>	<u>7,169,978</u>	<u>(1,570,344)</u>	<u>66,345,028</u>
Expenses										
General program	4,306,543	9,920,505	7,537,412	4,240,551	7,148,881	1,248,722	6,335,147	5,618,567	(1,570,344)	44,785,984
Salaries	736,924	307,116	2,606,764	6,844,434	10,088,949	1,638,963	1,654,156	1,471,080	-	25,348,386
Amortization	182,813	-	1,344,791	142,108	2,142,798	-	408,648	60,956	-	4,282,114
	<u>5,226,280</u>	<u>10,227,621</u>	<u>11,488,967</u>	<u>11,227,093</u>	<u>19,380,628</u>	<u>2,887,685</u>	<u>8,397,951</u>	<u>7,150,603</u>	<u>(1,570,344)</u>	<u>74,416,484</u>
Annual surplus (deficit)	\$ 1,683,672	\$ (606,453)	\$ (4,824,707)	\$ (554,716)	\$ (1,050,370)	\$ (58,027)	\$ (2,680,230)	\$ 19,375	\$ -	\$ (8,071,456)

	Public Works	Social Development	Finance & Administration	Health Services	Education	Training & Development	Housing	Gaming	Eliminations	2016 Total
Revenue										
INAC	\$ 2,031,112	\$ 7,331,868	\$ 3,772,590	\$ 2,232,993	\$ 15,328,004	\$ 549,415	\$ 11,761,435	\$ -	\$ -	\$ 43,007,417
Sundry and other federal	801,634	2,347,059	7,438,347	9,768,981	807,036	2,189,160	1,466,691	6,556,680	(1,532,332)	29,843,256
	<u>2,832,746</u>	<u>9,678,927</u>	<u>11,210,937</u>	<u>12,001,974</u>	<u>16,135,040</u>	<u>2,738,575</u>	<u>13,228,126</u>	<u>6,556,680</u>	<u>(1,532,332)</u>	<u>72,850,673</u>
Expenses										
General program	1,293,232	10,130,156	7,105,336	3,991,656	6,567,110	1,369,196	13,468,678	4,986,540	(1,532,332)	47,379,572
Salaries	850,584	369,786	2,743,237	6,179,140	9,873,501	1,482,657	1,991,094	1,273,548	-	24,763,547
Amortization	182,813	-	1,412,182	162,909	2,182,335	-	338,332	60,414	-	4,338,985
	<u>2,326,629</u>	<u>10,499,942</u>	<u>11,260,755</u>	<u>10,333,705</u>	<u>18,622,946</u>	<u>2,851,853</u>	<u>15,798,104</u>	<u>6,320,502</u>	<u>(1,532,332)</u>	<u>76,482,104</u>
Annual surplus (deficit)	\$ 506,117	\$ (821,015)	\$ (49,818)	\$ 1,668,269	\$ (2,487,906)	\$ (113,278)	\$ (2,569,978)	\$ 236,178	\$ -	\$ (3,631,431)