

**SAYISI DENE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017**

SAYISI DENE FIRST NATION

MARCH 31, 2017

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MANAGEMENT'S RESPONSIBILITY

To the Members of Sayisi Dene First Nation:




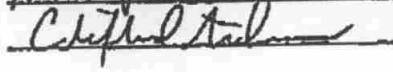
Management is responsible for the preparation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting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

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

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

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

March 28, 2018

	Chief		Councillor
	Councillor		Councillor

AUDITORS' REPORT

To the Members of Sayisi Dene First Nation:

We have audited the consolidated statement of financial position of the Sayisi Dene First Nation as at March 31, 2017 and the consolidated statements of operations, changes in net debt, cash flows, the consolidated schedule of tangible capital assets (Schedule 1) for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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 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 the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair representation 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 qualified audit opinion.

Basis of Qualified Opinion

Financial information for the Winter Roads, Rock House Canteen and Smoke Shop programs was not available at the audit report date for the year ending March 31, 2017. We were unable to determine whether adjustments to assets, liabilities, revenues and expenditures were necessary.

We were unable to obtain sufficient audit evidence relating to non-payroll expenditures of the Health programs for the year ending March 31, 2017 as the financial records were not available to verify these amounts. In addition, we could not obtain sufficient audit evidence surrounding the completeness of expenditures and accounts payable at year end. Consequently, we were not able to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

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



Zaitny and Zarnyut,
Chartered Professional Accountants

Dauphin, Manitoba
March 28, 2018

SAYISI DENE FIRST NATION**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT MARCH 31, 2017**

	2017	2016
FINANCIAL ASSETS		
Restricted Cash - Note 3	\$ 840,169	\$ 635,141
Accounts Receivable - Note 4	827,954	401,608
	<u>1,468,123</u>	<u>1,036,749</u>
LIABILITIES		
Bank Indebtedness	302,758	529,012
Accounts Payable and Accruals - Note 5	1,301,427	1,724,161
Deferred Revenue - Note 6	588,196	258,796
Long Term Debt - Note 7	4,496,033	4,743,124
	<u>6,686,412</u>	<u>7,255,093</u>
NET DEBT	<u>(5,218,289)</u>	<u>(6,218,344)</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets - Schedule 1	12,415,100	13,361,482
Housing Unit Construction In Progress	716,836	-
Fuel Inventory	555,251	582,084
Prepaid Expenses	225,335	77,522
	<u>13,912,322</u>	<u>14,031,088</u>
ACCUMULATED SURPLUS - NOTE 10	<u>\$ 8,694,033</u>	<u>\$ 7,812,724</u>

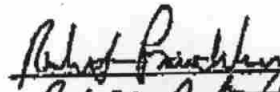

Contingent Liabilities - Note 8

Approved on Behalf of the Council



Chief

Councillor

Councillor

Councillor

(The accompanying notes are an integral part of these financial statements.)

SAYISI DENE FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget (Unaudited)	2017	2016
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 4,473,861	\$ 7,170,215	\$ 5,935,590
Government of Canada - Native Claims Program	-	675,947	570,975
First Nation and Inuit Health (FNIH)	-	1,173,203	1,151,952
Canada Mortgage and Housing Corporation (CMHC)	326,316	291,834	326,200
Province of Manitoba	-	40,165	537,748
Other	-	24,198	104,912
Keewatin Tribal Council	-	212,361	45,176
User Fees	14,400	33,925	37,492
Rent	90,000	232,050	220,747
Interest	-	89	94
Revenue Deferred in Prior Year - Note 6	-	258,796	1,053,516
Revenue Deferred to Subsequent Year-Note 6	-	(566,196)	(258,796)
	4,904,577	9,546,587	9,725,606
EXPENSES			
Governance and Administration	613,138	1,208,457	1,236,979
Social	1,178,858	1,448,762	1,273,159
Health	-	1,030,163	957,042
Housing	419,936	474,153	484,280
Economic Development	47,000	47,749	33,285
Education	1,506,450	1,579,371	2,656,756
Operations and Maintenance	942,013	2,395,996	3,457,530
Land Claims	-	539,884	587,770
Training and Other	386,518	256,087	751,911
	5,093,913	8,980,622	11,438,712
ANNUAL SURPLUS (DEFICIT)	\$ (189,336)	565,965	(1,713,106)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	7,812,724	9,575,915
PRIOR PERIOD ADJUSTMENT - NOTE 17	-	315,344	(50,085)
ACCUMULATED SURPLUS, END OF YEAR	-	\$ 8,694,033	\$ 7,812,724

(The accompanying notes are an integral part of these financial statements.)

SAYISI DENE FIRST NATION

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
ANNUAL DEFICIT	\$ 565,965	\$ (1,713,106)
Prior Period Adjustment - Note 17	315,344	(50,085)
Purchases of Tangible Capital Assets	(191,134)	(1,460,485)
Housing Unit Construction in Progress	(716,636)	-
Amortization of Tangible Capital Assets	1,137,516	1,788,075
Net (Increase) Decrease in Fuel Inventory	36,813	(106,772)
Net (Increase) Decrease of Prepaid Expenses	(147,813)	(40,926)
DECREASE (INCREASE) IN NET DEBT	1,000,055	(1,583,299)
NET DEBT, BEGINNING OF YEAR	(6,218,344)	(4,635,045)
NET DEBT, END OF YEAR	\$ (5,218,289)	\$ (6,218,344)

(The accompanying notes are an integral part of these financial statements.)

SAYISI DENE FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

MARCH 31, 2017

	2017	2016
CASH PROVIDED BY OPERATING ACTIVITIES		
Cash Receipts from Contributors	\$ 9,748,177	\$ 10,618,943
Cash Paid to Suppliers	(5,842,532)	(7,898,666)
Cash Paid to Employees	(2,240,982)	(2,229,459)
Interest on Long Term Debt	(78,520)	(72,905)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,586,143	417,913
CASH FLOWS FROM FINANCING ACTIVITIES		
Long Term Debt Advances	-	1,257,415
Repayment of Long Term Debt	(247,091)	(287,307)
CASH FLOWS USED IN FINANCING ACTIVITIES	(247,091)	970,108
CASH FROM INVESTING ACTIVITIES		
Purchase of Tangible Capital Assets	(191,134)	(1,460,483)
Housing Unit Construction in Progress	(716,636)	-
(Increase) Decrease in Restricted Cash	(205,028)	(62,045)
CASH USED IN INVESTING ACTIVITIES	(1,112,798)	(1,522,528)
NET INCREASE IN BANK INDEBTEDNESS	226,254	(134,507)
BANK INDEBTEDNESS, beginning of year	(529,010)	(394,503)
BANK INDEBTEDNESS, end of year	\$ (302,756)	\$ (529,010)
CASH RESOURCES (DEFICIENCY) ARE COMPOSED OF:		
Bank Indebtedness	\$ (302,756)	\$ (529,012)

(The accompanying notes are an integral part of these financial statements.)

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

1. OPERATIONS

The Sayisi Dene First Nation (The "First Nation") is located in the province of Manitoba, and provides various services to its members. Sayisi Dene First Nation includes the government, and all related entities that are either owned or controlled by the First Nation.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of presentation

Sources of financing and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Reporting entity

The consolidated financial statements are presented on a consolidated basis which includes the unincorporated business operations which are owned and/or controlled by the First Nation and programs for which separate financial statements are issued as listed in the significant accounting policies note under the *segments* heading.

There are no incorporated business entities which are owned or controlled by the First Nation.

Cash

Cash includes balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Net Debt

The First Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Net debt is comprised of two components, non-financial assets and accumulated surplus.

Non-financial Assets

The First Nations tangible capital assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution. Tangible capital assets are amortized using the straight line method at rates intended to amortize the cost of the assets over their estimated useful lives:

Boats and Snowmobiles	3 Years
CMHC Housing	25 Years
Computer Software	2 Years
Computers	3 Years
Fuel Tanks	10 Years
Heated Storage	40 Years
Infrastructure	25 Years
Office Equipment	5 Years
Other Housing	20 Years
Roads	40 years
Vehicles	3 Years
Water and Sewer Project	25 Years

Inventory

Inventory consists of heating oil and fuel used in First Nation programs. Inventory is valued at the lower of cost or net realizable value using the first in, first out method.

Long-lived assets

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

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

Non-financial assets

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

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Segments

The First Nation conducts its business through 10 reportable segments as reported below. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both 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.

The First nation's segments are as follows:

- Governance and administration - reports on governance and administration activities

- Social - reports on social assistance programs

- Health - reports on health and wellness programs funded by FNIH

- Housing - reports on activities related to developing and sustaining housing including CMHC subsidized housing

- Economic Development - reports on services that facilitate economic development

- Education - reports on the operations of education programs

- Operations and Maintenance - reports on general operations and maintenance programs in the First Nation

- Ottawa Trust - reports on funding held in the Ottawa Trust

- Land Claims - reports on activities related to land claims, including the Samuel Thorassie claim negotiations.

- Training and Other - reports on training and other activities

Inter-segment transfers are recorded at their exchange amount. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Significant Accounting Policies.

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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenditures during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where necessary. Amortization is based on the estimated useful lives of the related tangible capital assets. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Instruments

Financial instruments include cash, restricted cash, accounts receivable, bank indebtedness, accounts payable and accruals and long-term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risk arising from the financial instruments. Unless otherwise stated, the book value of the First Nation's financial assets and liabilities approximates their fair value due to the short-term maturities of the instruments. The fair value of the First Nation's long-term debt is approximated by its carrying value as the terms and conditions of similar instruments are not materially different from those associated with the First Nation's long term debt.

Revenue recognition

Government transfer revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the statement of financial position in the year of receipt, and is matched with the related department expenses in the year of their occurrence. Other revenue is recognized by the First Nation when the services are provided or goods are shipped.

Other Revenue

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

Other revenue is recognized by the First Nation when services are provided or goods are shipped and collectibility is reasonably assured.

Employee future benefits

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

Liability for Contaminated Site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information on March 31, 2017.

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

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

3. RESTRICTED CASH

	2017	2016
CMHC Replacement Reserve	\$ 587,184	\$ 547,207
Claims Office	233,246	68,284
Housing Capital Reserve	15,005	15,005
Ottawa Trust	4,734	4,645
	<u>\$ 840,169</u>	<u>\$ 635,141</u>

CMHC Replacement Reserve

Under the terms of the operating agreements with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve account is to be credited an annual amount based on the number and type of houses available for use. These funds, along with accumulated interest, must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The First Nation is currently in contravention of its major funding agreement with CMHC. At year end the specified replacement reserve bank account was underfunded by \$587,184 (2015/16 - \$547,207).

Claims Office

Claims office cash is restricted for the negotiation on the Samuel Thorassie land claim; they are held in trust by legal representatives. As at March 31, 2017, the balance of funds held by legal representatives was \$118,669 (2015/16 - \$71,035) and the balance held by the First Nation was \$114,577 (2015/16 - \$2,751 overdraft).

Ottawa Trust

The Ottawa Trust funds are held in trust in the consolidated revenue fund of the Government of Canada and subject to audit by the office of the Auditor General of Canada. Funds held in trust on behalf of First Nation members by the Government of Canada are reported on the statement of financial position with an offsetting amount in members' equity and consist of:

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

4. ACCOUNTS RECEIVABLE

	2017	2016
AANDC, per confirmation	\$ 321,513	\$ 189,750
First Nation Inuit Health Branch, per confirmation	37,502	-
Public Safety Canada	-	34,967
Canada Mortgage and Housing Corporation	82,552	82,664
Province of Manitoba	-	41,264
Other	186,387	52,963
	<u>\$ 627,954</u>	<u>\$ 401,608</u>

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

5. ACCOUNTS PAYABLE

	2017	2016
AANDC, prior year recoveries	\$ -	\$ 51,549
Trade	771,093	1,024,586
Manitoba Hydro	497,898	604,678
Accrued Payroll	26,709	33,871
Accrued Interest	5,727	6,247
Source Deductions	-	1,578
Other	-	1,652
	<u>\$ 1,301,427</u>	<u>\$ 1,724,161</u>

6. DEFERRED REVENUE

	2017	2016
AANDC - Community Gov. Decision Mkg. (Sch. 3)	\$ 47,500	\$ 47,500
AANDC - Enrolment and Ratification (Sch. 8)	108,296	107,250
AANDC - Soil Remediation	-	14,902
AANDC - School Fuel Spill	33,144	33,144
AANDC - Environmental Site Assessment	-	56,000
AANDC - Renovations and Additions	52,435	-
AANDC - Lot Servicing	150,000	-
AANDC - Construction of Multi Units	167,441	-
AANDC - Reorientation & Self Government	19,954	-
AANDC - Negotiation Preparedness	7,426	-
Operations and Maintenance (Schedule 9)	430,400	104,046
	<u>\$ 586,196</u>	<u>\$ 258,796</u>

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

7. LONG TERM DEBT

	2017	2016
CMHC mortgage, with payments of \$4,260 per month including interest at 1.44%, maturing March 2026, with a scheduled renewal date of February 2022, secured by a ministerial guarantee	\$ 431,362	\$ 475,213
CMHC mortgage, with payments of \$3,843 per month including interest at 1.92%, maturing April 2029, with a scheduled renewal date of April 2019, secured by a ministerial guarantee	497,299	533,583
CMHC mortgage, with payments of \$2,554 per month including interest at 1.01%, maturing February 2031, with a scheduled renewal date of February 2021, secured by a ministerial guarantee	397,745	424,251
CMHC mortgage, with payments of \$3,040 per month including interest at 1.44%, maturing February 2032, with a scheduled renewal date of February 2022, secured by a ministerial guarantee	489,541	518,343
CMHC mortgage, with payments of \$2,040 per month including interest at 1.67%, maturing January 2033, with a scheduled renewal date of June 2018, secured by a ministerial guarantee	340,474	359,134
CMHC mortgage, with payments of \$5,339 per month including interest at 2.00%, maturing November 2038, with a scheduled renewal date of November 2018, secured by a ministerial guarantee	1,126,511	1,167,756
CMHC mortgage, with payments of \$4,760 per month including interest at 1.04%, maturing March 2041, with a scheduled renewal date of March 2021, secured by a ministerial guarantee	1,213,101	1,257,415
Royal Bank of Canada, with payments of \$619 per month plus interest at 0%, over a term of five years	-	7,429
	<u>\$ 4,496,033</u>	<u>\$ 4,743,124</u>

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2017-18	\$ 244,065
2018-19	247,768
2019-20	251,531
2020-21	255,354
2021-22	259,239
Subsequent Years	3,238,076

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

8. CONTINGENT LIABILITIES

The Sayisi Dene First Nation, through the Claims Office, has obtained loans from the Government of Canada totaling \$15.67 million (2015/16 - \$14.99 million) which are to be repaid upon final settlement of the Samuel Thorassie claim. This agreement with the Government of Canada specifies that the Government of Canada, upon reaching a final settlement, will provide sufficient funding to pay out the total amount of the outstanding loans as of the date of the settlement. Due to the nature of these negotiations, it is not possible, at this time to determine the outcome of the negotiations and therefore these consolidated financial statements have recognized the loans as revenues in the year received. Future repayment will be recorded as an expense in the year of repayment together with any settlement proceeds, as applicable.

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. At year end, it was not yet determined to what extent any funding amounts related to the year ending March 31, 2017 might be recovered by these agencies.

At March 31, 2017, the First Nation has determined that some contaminated sites exist, however, no determination has been made as to whether the contamination exceeds an environmental standard that the First Nation is required to comply with. Also, the First Nation does not consider themselves to be responsible and have not accepted responsibility. As a result, no liability regarding the contaminated sites is recorded in these financial statements. If and when it is determined that a liability exists, the liability will be recorded in the period in which such a determination is made, in accordance with the accounting policy in Note 2.

The First Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to AANDC by July 31, 2017. Since the audit report is dated after this date, the First Nation has not complied with the requirement. The possible effect of this non-compliance has not yet been determined.

9. SEGMENT INFORMATION ON TANGIBLE CAPITAL ASSETS

Tangible capital assets are assigned to the First Nation's segments in accordance with management's determination, as to the activities and services that will be facilitated as a result of ongoing ownership of the assets. The net book value of tangible capital assets assigned to each segment in as follows:

	2017	2016
Housing	\$ 5,150,399	\$ 5,571,273
Education	129,820	146,657
Operations and Maintenance	7,817,197	7,643,552
	<u>\$ 13,131,736</u>	<u>\$ 13,361,482</u>

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

10. ACCUMULATED SURPLUS

	2017	2016
Invested in Capital Assets	\$ 8,635,703	\$ 8,618,358
CMHC Reserves	602,189	562,212
Claims Office	93,805	(43,303)
Ottawa Trust	4,734	4,645
Unrestricted	(642,398)	(1,329,188)
	<u>\$ 8,694,033</u>	<u>\$ 7,812,724</u>

11. AANDC REVENUE

AANDC revenue recorded on the financial statements in the year ended March 31, 2017 and in the year ended March 31, 2016 agrees to the amounts stated on the year end AANDC funding confirmation.

12. FNIH REVENUE

FNIH revenue recorded on the financial statements in the year ended March 31, 2017 and in the year ended March 31, 2016 agrees to the amounts stated on the year end FNIH funding confirmation.

13. PROVISION FOR SITE REHABILITATION

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

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

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

At year end, the extent to which the First Nation is bound by environmental laws of The Manitoba Environmental Protection Act was not determinable, and therefore, no liability has been recorded in these financial statements.

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

14. EXPENSES BY OBJECT

	2017	2016
Amortization	\$ 1,137,516	\$ 1,788,077
Interest	21,358	89,067
Member Services	1,007	413,485
Purchased Goods and Services	4,004,241	5,601,932
Salaries and Benefits	2,207,111	2,214,319
Social Assistance	1,364,485	1,189,957
Training	78,263	18,441
Travel	166,641	123,434
	<u>\$ 8,980,622</u>	<u>\$ 11,438,712</u>

15. ECONOMIC DEPENDENCE

The First Nation receives a significant portion of its revenue from Aboriginal Affairs and Northern Development Canada ("AANDC") and First Nations and Inuit Health ("FNIH") as a result of Treaties entered into with the Government of Canada. These treaties are administered by AANDC and FNIH under the terms and conditions of the Indian Act. The ability of the First Nations to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

16. DEFINED CONTRIBUTION PENSION PLAN

The First Nation has a defined contribution pension plan covering all full-time employees in the Governance/Administration and Education segments. The First Nation remits monthly contributions to the administrator of the plan and remittances were current at year end.

17. PRIOR PERIOD ADJUSTMENT

The First Nation was indebted to various vendors for \$315,344 related to goods and services purchased prior to March 31, 2012. One of the suppliers that was owed \$244,070 had filed for bankruptcy in early 2013 and no collection measures have been taken against the First Nation for the outstanding debt. The remaining \$71,274 is owed to three other suppliers who have written off the balances owing in lieu of goods and services provided to them by the First Nation. As a result, accounts payable has been reduced by \$315,344 and opening accumulated surplus has been increased by the same amount.

18. BUDGET INFORMATION

The budget figures are presented as supplementary information to the financial statements and have not been audited.

SAYISI DENE FIRST NATION

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED MARCH 31, 2017

	Boats and Snowmobiles	Buildings	CMHC Housing	Computer Software	Computers	Fuel Tanks	Subtotal
COST							
Balance, Beginning of Year	\$ 24,518	\$ 15,671,952	\$ 8,442,473	\$ 6,105	\$ 141,441	\$ 297,394	\$ 24,583,883
Acquisition of Tangible Capital Assets	-	-	-	-	-	-	-
Balance, End of Year	24,518	15,671,952	8,442,473	6,105	141,441	297,394	24,583,883
ACCUMULATED AMORTIZATION							
Balance, Beginning of Year	24,518	15,601,209	3,462,180	6,105	141,441	297,394	19,532,847
Amortization	-	7,432	337,699	-	-	-	345,131
Balance, End of Year	24,518	15,608,641	3,799,879	6,105	141,441	297,394	19,877,978
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ -	\$ 63,311	\$ 4,642,594	\$ -	\$ -	\$ -	\$ 4,705,905
2014-15 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ -	\$ 2,021,329	\$ 3,303,949	\$ -	\$ -	\$ 37,381	\$ 5,362,659

SAYISI DENE FIRST NATION

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED MARCH 31, 2017

	Subtotal	Heated Storage	Infrastructure	Land Improvements	Equipment	Other Housing	Subtotal
COST							
Balance, Beginning of Year	\$ 24,583,883	\$ 1,672,602	\$ 4,959,044	\$ 220,000	\$ 125,856	\$ 11,193,980	\$ 42,755,365
Acquisition of Tangible Capital Assets	-	-	-	-	4,000	-	4,000
Balance, End of Year	24,583,883	1,672,602	4,959,044	220,000	129,856	11,193,980	42,759,365
ACCUMULATED AMORTIZATION							
Balance, Beginning of Year	19,532,847	949,464	3,798,050	202,401	113,570	10,603,002	35,199,334
Amortization	345,131	41,815	198,362	-	1,554	146,442	733,304
Balance, End of Year	19,877,978	991,279	3,996,412	202,401	115,124	10,749,444	35,932,638
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 4,705,905	\$ 681,323	\$ 962,632	\$ 17,599	\$ 14,732	\$ 444,536	\$ 6,826,727
2014-15 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 5,362,659	\$ 848,583	\$ 1,756,080	\$ 43,999	\$ 40,454	\$ 1,204,696	\$ 9,256,471

SAYISI DENE FIRST NATION

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED MARCH 31, 2017

	Subtotal	Roads	Vehicles	Water and Sewer Project	2017	2016
COST						
Balance, Beginning of Year	\$ 42,755,365	\$ 1,678,731	\$ 2,326,937	\$ 7,800,276	\$ 54,561,309	\$ 53,100,826
Acquisition of Tangible Capital Assets	4,000	-	187,134	-	191,134	1,460,483
Balance, End of Year	42,759,365	1,678,731	2,514,071	7,800,276	54,752,443	54,561,309
ACCUMULATED AMORTIZATION						
Balance, Beginning of Year	35,199,334	1,095,675	2,096,718	2,808,100	41,199,827	39,411,752
Amortization	733,304	41,968	50,233	312,011	1,137,516	1,788,075
Balance, End of Year	35,932,638	1,137,643	2,146,951	3,120,111	42,337,343	41,199,827
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 6,826,727	\$ 541,088	\$ 367,120	\$ 4,680,165	\$ 12,415,100	\$ 13,361,482
2014-15 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 9,256,471	\$ 708,960	\$ 93,021	\$ 5,928,210		

SAYISI DENE FIRST NATION

SCHEDULE 2 - CONSOLIDATED SUMMARY SCHEDULE OF SEGMENT REVENUE AND EXPENSES FOR THE YEAR ENDED MARCH 31, 2017

	Schedule #	AANDC Revenue	Other Revenue	Deferred Revenue	Total Revenue	Total Expenses	Transfers	2017	2016
Governance and Administration	3	\$ 964,575	\$ 67,128	\$ (7,380)	\$ 1,024,323	\$ (1,208,457)	\$ 30,000	\$ (154,134)	\$ (111,122)
Social	4	1,488,560	-	-	1,488,560	(1,448,762)	-	39,798	3,873
Health	5	-	1,173,203	-	1,173,203	(1,030,163)	-	143,040	88,967
Housing	6	-	480,372	-	480,372	(474,153)	(30,000)	(23,781)	21,029
Economic Development	7	53,252	22,763	-	76,015	(47,749)	-	28,266	25,470
Education	8	2,471,889	671	(1,046)	2,471,514	(1,579,371)	-	892,143	(529,071)
Operations and Maintenance	9	2,191,939	33,925	(298,974)	1,926,890	(2,395,996)	-	(469,106)	(1,010,416)
Ottawa Trust	10	-	89	-	89	-	-	89	94
Land Claims	11	-	675,947	-	675,947	(539,884)	-	136,063	(16,795)
Training and Other	12	-	229,674	-	229,674	(256,087)	-	(26,413)	(185,135)
		7,170,215	2,683,772	(307,400)	9,546,587	(8,980,622)	-	565,965	(1,713,106)

SAYISI DENE FIRST NATION

SCHEDULE 3 - GOVERNANCE AND ADMINISTRATION

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND DEFICIT FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget (Unaudited)	2017	2016
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 433,198	\$ 964,575	\$ 930,923
Province of Manitoba	49,956	17,402	54,015
Other	-	23,527	79,992
Rent Revenue	-	26,199	2,484
Revenue Deferred in Prior Year - Note 6	-	47,500	-
Revenue Deferred to Subsequent Year - Note 6	-	(54,880)	(47,500)
	483,154	1,024,323	1,019,914
EXPENSES			
Bank Charges and Interest	-	12,498	7,003
Chief and Council Honoraria	230,202	195,350	229,100
Chief and Council Travel	12,000	34,994	20,040
Community Events	-	32,235	3,000
Member Services	-	1,007	4,107
Professional Fees	218,000	714,163	736,960
Repairs and Maintenance	-	1,473	8,524
Salaries and Benefits	117,936	129,108	164,181
Supplies	12,000	44,206	19,869
Telephone	18,000	15,156	29,006
Travel	5,000	19,658	2,302
Vehicle Operating Costs	-	8,609	12,887
	613,138	1,208,457	1,236,979
ANNUAL DEFICIT BEFORE TRANSFERS	(129,984)	(184,134)	(217,065)
TRANSFERS	-	30,000	105,943
ANNUAL DEFICIT	\$ (129,984)	(154,134)	(111,122)
ACCUMULATED DEFICIT, BEGINNING OF YEAR		(1,956,826)	(1,845,704)
ACCUMULATED DEFICIT, END OF YEAR	\$	\$ (2,110,960)	\$ (1,956,826)

SAYISI DENE FIRST NATION

SCHEDULE 4 - SOCIAL

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND DEFICIT FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget (Unaudited)	2017	2016
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 1,178,166	\$ 1,488,560	\$ 1,277,032
EXPENSES			
Interest and Service Charges	-	1,008	296
Professional Development	-	-	500
Salaries and Benefits	61,533	62,933	66,440
Social Assistance	1,096,950	1,364,485	1,189,957
Supplies	20,375	18,703	13,291
Travel	-	1,633	2,675
	1,178,858	1,448,762	1,273,159
ANNUAL SURPLUS (DEFICIT) BEFORE TRANSFERS	(692)	39,798	3,873
TRANSFERS	-	-	-
ANNUAL SURPLUS (DEFICIT)	\$ (692)	39,798	3,873
ACCUMULATED DEFICIT, BEGINNING OF YEAR		(137,163)	(141,036)
ACCUMULATED DEFICIT, END OF YEAR		\$ (97,365)	\$ (137,163)

SAYISI DENE FIRST NATION

SCHEDULE 5 - HEALTH

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS (DEFICIT) FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget (Unaudited)	2017	2016
REVENUE			
First Nation and Inuit Health (FNIH)	\$ -	\$ 1,173,203	\$ 1,151,952
EXPENSES			
Amortization	-	3,813	-
Bank Charges and Interest	-	1,808	497
Community Events	-	55,676	61,926
Salaries and Benefits	-	555,835	474,646
Supplies	-	105,688	74,488
Telephone	-	11,715	4,089
Training	-	184	859
Travel	-	29,510	33,642
Utilities	-	248,376	293,900
Vehicle Operating	-	17,558	12,995
	-	1,030,163	957,042
ANNUAL SURPLUS BEFORE TRANSFERS	-	143,040	194,910
TRANSFERS	-	-	(105,943)
ANNUAL SURPLUS	\$ -	143,040	88,967
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR		399,025	310,058
ACCUMULATED SURPLUS, END OF YEAR		\$ 542,065	\$ 399,025

SAYISI DENE FIRST NATION

SCHEDULE 6 - HOUSING

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget (Unaudited)	2017	2016
REVENUE			
Canada Mortgage and Housing Corporation (CMHC)	\$ 326,316	\$ 291,834	\$ 301,585
Rent	90,000	188,538	203,724
	416,316	480,372	505,309
EXPENSES			
Amortization	-	337,699	311,551
Bank Charges and Interest	-	367	-
Insurance	42,600	43,984	39,513
Interest on Long Term Debt	345,336	78,000	72,905
Professional Fees	8,000	5,000	5,000
Repairs and Maintenance	24,000	4,942	52,800
Replacement Reserve	-	3,331	1,789
Supplies	-	830	722
	419,936	474,153	484,280
ANNUAL SURPLUS (DEFICIT) BEFORE TRANSFERS	(3,620)	6,219	21,029
TRANSFERS	-	(30,000)	-
ANNUAL SURPLUS (DEFICIT)	\$ (3,620)	(23,781)	21,029
ACCUMULATED SURPLUS, BEGINNING OF YEAR		2,766,182	2,745,153
ACCUMULATED SURPLUS, END OF YEAR		\$ 2,742,401	\$ 2,766,182

SAYISI DENE FIRST NATION

SCHEDULE 7 - ECONOMIC DEVELOPMENT

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget (Unaudited)	2017	2016
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 53,252	\$ 53,252	\$ 58,755
Province of Manitoba	32,000	22,763	-
	85,252	76,015	58,755
EXPENSES			
Professional Fees	47,000	21,254	3,400
Supplies	-	-	14,848
Travel	-	26,495	15,037
	47,000	47,749	33,285
ANNUAL SURPLUS BEFORE TRANSFERS	38,252	28,266	25,470
TRANSFERS	-	-	-
ANNUAL SURPLUS	\$ 38,252	28,266	25,470
ACCUMULATED SURPLUS, BEGINNING OF YEAR		249,547	224,077
ACCUMULATED SURPLUS, END OF YEAR		\$ 277,813	\$ 249,547

SAYISI DENE FIRST NATION

SCHEDULE 8 - EDUCATION

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget (Unaudited)	2017	2016
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 1,957,800	\$ 2,471,889	\$ 2,197,343
Other	-	671	845
Rent	7,650	-	747
Revenue Deferred in Prior Year - Note 6	-	107,250	36,000
Revenue Deferred to Subsequent Year - Note 6	-	(108,296)	(107,250)
	1,965,450	2,471,514	2,127,685
EXPENSES			
Amortization	-	16,837	605,012
Bank Charges and Interest	3,600	2,871	3,035
Heating Fuel	105,000	110,000	105,000
Insurance	-	2,328	282
Other Program Expenses	-	3,373	4,322
Professional Development	-	13,068	36,250
Professional Fees	22,743	31,762	480,514
Repairs and Maintenance	-	84,355	73,226
Salaries and Benefits	963,542	749,923	826,690
Special Activities	10,000	651	-
Supplies	77,400	86,214	29,892
Telephone	12,000	6,376	6,920
Travel	55,000	12,778	16,481
Utilities	192,000	406,158	410,942
Vehicle Operating	41,165	52,677	58,190
Workshops	24,000	-	-
	1,506,450	1,579,371	2,656,756
ANNUAL SURPLUS (DEFICIT) BEFORE TRANSFERS	459,000	892,143	(529,071)
TRANSFERS	-	-	-
ANNUAL SURPLUS (DEFICIT)	\$ 459,000	892,143	(529,071)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		804,452	1,333,523
ACCUMULATED SURPLUS, END OF YEAR		\$ 1,696,595	\$ 804,452

SAYISI DENE FIRST NATION

SCHEDULE 9 - OPERATIONS AND MAINTENANCE

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget (Unaudited)	2017	2016
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 851,445	\$ 2,191,939	\$ 1,471,537
CMHC RRAP	-	-	24,615
User Fees	14,400	33,925	37,492
Revenue Deferred in Prior Year - Note 6	-	104,046	1,017,516
Revenue Deferred to Subsequent Year-Note 6	-	(403,020)	(104,046)
	865,845	1,926,890	2,447,114
EXPENSES			
Amortization	-	778,767	871,514
Capital Soil Remediation	-	15,000	1,496,729
Fuel	38,000	134,885	150,173
Insurance	17,088	27,946	12,135
Professional Fees	-	305,930	4,450
Repairs and Maintenance	204,100	359,274	36,253
Salaries and Benefits	320,625	302,720	303,278
Supplies	129,000	62,777	188,164
Telephone	7,200	2,761	3,586
Utilities	120,000	305,561	312,245
Vehicle Operating Costs	106,000	100,375	79,003
	942,013	2,395,996	3,457,530
ANNUAL DEFICIT BEFORE TRANSFERS	(76,168)	(469,106)	(1,010,416)
TRANSFERS	-	-	-
ANNUAL DEFICIT	-	(469,106)	(1,010,416)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	5,675,079	6,685,495
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 5,205,973	\$ 5,675,079

SAYISI DENE FIRST NATION

SCHEDULE 10 - OTTAWA TRUST

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget (Unaudited)	2017	2016
REVENUE			
Interest	\$ -	\$ 89	\$ 94
ANNUAL SURPLUS	-	89	94
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	4,792	4,698
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 4,881	\$ 4,792

SAYISI DENE FIRST NATION

SCHEDULE 11 - LAND CLAIMS

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND DEFICIT FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget (Unaudited)	2017	2016
REVENUE			
Government of Canada - Native Claims Program	\$ -	\$ 675,947	\$ 570,975
EXPENSES			
Amortization	-	400	-
Bank Charges and Interest	-	2,806	3,230
Community Consultation	-	16,311	17,050
Delivery and Freight	-	488	397
Honoraria - Other	-	157,263	164,243
Other Program Expenses	-	2,188	1,863
Professional Fees	-	284,169	318,512
Rent	-	36,400	36,000
Repairs and Maintenance	-	1,197	755
Supplies	-	2,740	6,022
Telephone	-	3,645	5,577
Travel	-	32,277	34,121
	-	539,884	587,770
ANNUAL SURPLUS (DEFICIT) BEFORE TRANSFERS	-	136,063	(16,795)
TRANSFERS	-	-	-
ANNUAL SURPLUS (DEFICIT)	\$ -	136,063	(16,795)
ACCUMULATED DEFICIT, BEGINNING OF YEAR		(50,631)	(33,836)
ACCUMULATED DEFICIT, END OF YEAR		\$ 85,432	\$ (50,631)

SAYISI DENE FIRST NATION

SCHEDULE 12 - TRAINING AND OTHER

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS (DEFICIT) FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget (Unaudited)	2017	2016
REVENUE			
Keewatin Tribal Council	\$ -	\$ 212,361	\$ 45,176
Rental Income	-	17,313	13,792
Province of Manitoba	100,000	-	483,733
Canteen and Tobacco Sales	-	-	24,075
Other	180,000	-	-
	280,000	229,674	566,776
EXPENSES			
Canteen and Tobacco Purchases	-	-	22,056
Community Events	-	27,609	12,000
Heating Fuel	386,518	-	17,856
Interest and Bank Charges	-	-	2,101
Member Services	-	-	409,378
Repairs and Maintenance	-	27,016	25,060
Salaries and Benefits	-	80,680	214,841
Supplies	-	12,658	6,259
Telephone	-	957	5,602
Training	-	78,079	17,582
Travel	-	9,296	19,176
Vehicle Operating	-	19,792	-
	386,518	256,087	751,911
ANNUAL SURPLUS (DEFICIT) BEFORE TRANSFERS	(106,518)	(26,413)	(185,135)
TRANSFERS	-	-	-
ANNUAL SURPLUS (DEFICIT)	-	(26,413)	(185,135)
ACCUMULATED DEFICIT, BEGINNING OF YEAR	-	108,352	293,487
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 81,939	\$ 108,352