

SHAMATTAWA FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

SHAMATTAWA FIRST NATION

MARCH 31, 2014

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SHAMATTAWA FIRST NATION

MARCH 31, 2014

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Shamattawa First Nation are the responsibility of management and have been approved by the Council.

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

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

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

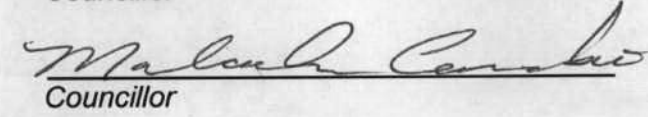
The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

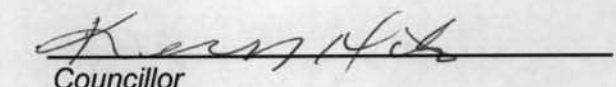
The external auditor, Dayton Barenz Certified General Accountant, conducts an independent examination, in accordance with Canadian auditing standards, and express his opinion on the consolidated financial statements. The external auditor has full and free access to financial management of Shamattawa First Nation and meet when required.

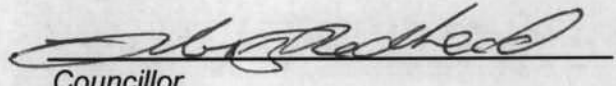
On behalf of the Shamattawa First Nation:


Chief


Councillor


Councillor


Councillor


Councillor


Councillor

December 2, 2014

DAYTON BARENZ

Certified General Accountant

PO Box 1103, 15 Nelson Road
Thompson, Manitoba R8N 1N9

Phone: (204) 677-4328 Fax: (204) 778-4628 E-mail: dbarenzcg@mb.sympatico.ca

INDEPENDENT AUDITOR'S REPORT

To the Chief and Council and Members of Shamattawa First Nation:

I have audited the accompanying consolidated financial statements of Shamattawa First Nation, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations, changes in net debt, cash flows and the related schedules 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

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

Due to the remote location of the Nation's Kisemattawa Pimmukamik, I was unable to observe the counting of physical inventories at the beginning of the year or satisfy myself concerning those inventory quantities by alternative means. Since opening inventories enter into the determination of the results of operations and cash flows, I am unable to determine whether adjustments to purchases, operations, accumulated surplus and cash flows provided from operations might be necessary.

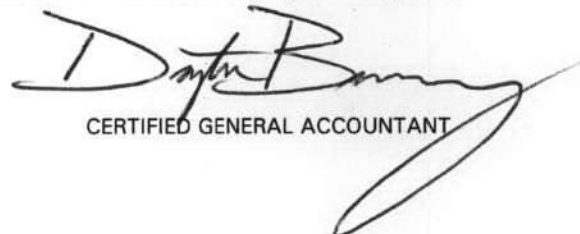
During my examination I observed deficiencies in accounting and reporting to expenses, payables and revenues. Our verification of expenses, payables and revenues were limited to the extent of the amounts recorded by the Nation. As a result I am unable to determine whether any adjustments to revenues, expenses, liabilities, net debt and accumulated surplus were required, nor was I able to determine that the amounts recorded in Nation's records were accurate and complete.

Qualified Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly in all material respects the financial position of Shamattawa First Nation as of March 31, 2014 and the results of its operations, change in net debt and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

Without qualifying our opinion, I draw attention to Note 2 to the consolidated financial statements which indicates that the Nation incurred operating losses in recent years and may not have sufficient liquidity to face its operating expenses for the next fiscal year. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the nation's ability to continue as a going concern.


CERTIFIED GENERAL ACCOUNTANT

Thompson, Manitoba
December 2, 2014



A PROUD MEMBER OF:

THE CERTIFIED GENERAL ACCOUNTANTS
ASSOCIATION of MANITOBA

SHAMATTAWA FIRST NATION

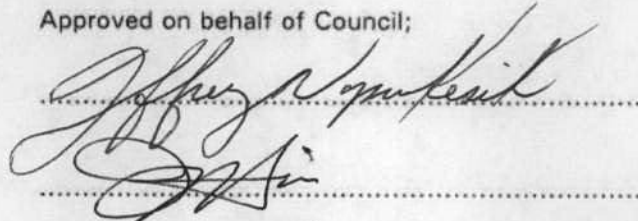
STATEMENT 1

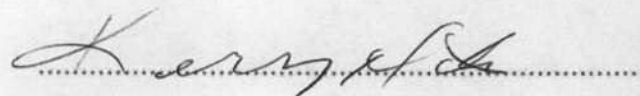
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31,

	2014	2013
FINANCIAL ASSETS		
Cash and cash equivalents (NOTE 4)	\$ 6,828,395	\$ 4,388,056
Accounts receivable (NOTE 5)	1,397,974	380,855
Inventory for resale (NOTE 7)	1,200,000	1,130,000
Advances receivable	20,823	35,168
Funds held in trust (NOTE 6)	<u>3,779</u>	<u>3,729</u>
	<u>9,450,971</u>	<u>5,937,808</u>
LIABILITIES		
Accounts payable and accrued liabilities (NOTE 8)	10,746,451	7,068,190
Deferred revenue (NOTE 9)	4,821,610	8,163,149
Long-term debt (NOTE 12)	<u>8,360,197</u>	<u>9,123,135</u>
	<u>23,928,258</u>	<u>24,354,474</u>
NET FINANCIAL ASSETS (DEBT)	(14,477,287)	(18,416,666)
Contingent liabilities (NOTE 10)		
NON-FINANCIAL ASSETS		
Tangible capital assets (SCHEDULE IV)	42,863,915	44,049,235
Construction in progress (NOTE 13)	31,615,166	22,917,873
Prepaid expenses and housing materials	<u>650,000</u>	<u>705,284</u>
ACCUMULATED SURPLUS (NOTE 15)	\$ <u>60,651,794</u>	\$ <u>49,255,726</u>

Approved on behalf of Council;







The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements

SHAMATTAWA FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31,

	BUDGET	2014	2013
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 27,197,362	\$ 27,197,362	\$ 29,935,355
Less AANDC recoveries			
First Nations and Inuit Health (FNIH)	1,949,564	1,949,564	1,450,974
Canada Mortgage and Housing Corporation (CMHC)	637,290	637,290	622,324
Manitoba Hydro	306,718	306,718	811,202
Human Resources and Skills Development Canada	477,349	477,349	477,349
Gas and diesel sales	1,637,732	1,637,732	549,608
Other revenue	1,420,037	1,420,037	1,174,727
Convenience store sales			273,307
CMHC rental income	295,013	295,013	354,517
Solicitor General	55,131	55,131	55,131
	<u>33,976,196</u>	<u>33,976,196</u>	<u>35,704,494</u>
EXPENSES			
Education	4,060,109	4,060,109	4,422,898
Band Government	2,162,950	2,162,950	2,092,201
Social Services	3,900,009	3,900,009	3,981,153
Housing	1,036,597	1,036,597	2,096,275
Economic Development	1,600,911	1,600,911	988,624
Community Services	1,713,444	1,713,444	2,553,022
Capital Projects	15,812,891	15,812,891	18,220,613
Employment Programs	677,839	677,839	557,786
Health	2,127,701	2,127,701	1,673,935
Amortization	4,204,893	4,204,893	3,899,292
Less capital expenditures	(14,625,236)	(14,625,236)	(19,726,503)
TOTAL EXPENSES	<u>22,672,108</u>	<u>22,672,108</u>	<u>20,759,296</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>11,304,088</u>	11,304,088	14,945,198
ACCUMULATED SURPLUS, beginning of year		49,255,726	34,223,348
Allocation to replacement reserve		<u>91,980</u>	<u>87,180</u>
ACCUMULATED SURPLUS, end of year (NOTE 15)		\$ <u>60,651,794</u>	\$ <u>49,255,726</u>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements

SHAMATTAWA FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31,

	2014	2013
ANNUAL SURPLUS (DEFICIT)	\$ 11,304,088	\$ 14,945,198
Purchases of tangible capital assets	(3,019,573)	(2,645,961)
Amortization of tangible capital assets	4,204,893	3,899,292
Acquisition of prepaid expenses	(650,000)	(705,284)
Use of prepaid expenses	705,284	210,662
Acquisition of construction in progress	(31,615,166)	(17,040,803)
Use of construction in progress	22,917,873	2,560,000
Allocation to replacement reserves	<u>91,980</u>	<u>87,180</u>
DECREASE (INCREASE) IN NET DEBT	<u>3,939,379</u>	<u>1,310,284</u>
NET DEBT, <i>beginning of year</i>	(<u>18,416,666</u>)	(<u>19,726,950</u>)
NET DEBT, <i>end of year</i>	\$ (<u>14,477,287</u>)	\$ (<u>18,416,666</u>)

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements

SHAMATTAWA FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31,

	2014	2013
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES		
<i>Operating activities</i>		
Cash receipts from contributors	\$ 29,617,538	\$ 32,618,009
Cash paid to suppliers	(10,147,399)	(25,116,526)
Cash paid to employees	(4,347,603)	(4,719,278)
Interest on long-term debt	(202,393)	(279,061)
	<u>14,920,143</u>	<u>2,503,144</u>
<i>Financing activities</i>		
Issuance of long-term debt	115,550	1,215,812
Repayment of long-term debt	(878,488)	(845,790)
	<u>(762,938)</u>	<u>370,022</u>
<i>Capital activities</i>		
Purchase of tangible capital assets	(3,019,573)	(2,645,961)
Decrease in construction in progress		2,560,000
Increase in construction in progress	(8,697,293)	
	<u>(11,716,866)</u>	<u>(85,961)</u>
CHANGE IN CASH RESOURCES (DEFICIENCY)	2,440,339	2,787,205
CASH RESOURCES (DEFICIENCY), <i>beginning of year</i>	<u>4,388,056</u>	<u>1,600,851</u>
CASH RESOURCES (DEFICIENCY), <i>end of year</i>	\$ <u>6,828,395</u>	\$ <u>4,388,056</u>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements

SHAMATTAWA FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

1. OPERATIONS

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

2. GOING CONCERN

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards that are applicable to a going concern. Under the going concern assumption, an organization is viewed as being able to continue its operations in the foreseeable future and realize its assets and discharge its liabilities in the normal course of business.

Although these consolidated financial statements have been prepared on a going concern basis, certain facts and circumstances raise doubts as to this assumption. The Nation incurred operating losses in recent years. Its current liquidities may be insufficient to meet its obligations as the Nation's liabilities exceed its financial assets by \$14,477,287 as at March 31, 2014.

Although the consolidated financial statements present a deficit, the Nation has focussed on gaining efficiencies in its operation and working towards a stronger relationship with its major funder AANDC and its co-manager. Deferred revenue of \$4,821,610 as at March 31, 2014 will be recognized in revenue in the coming years.

The Nation's continued operations depend on management's ability to successfully implement strategies to gain efficiencies in its operations and maintain a sound relationship with its major funder AANDC and its co-manager. There is no assurance that these measures implemented by management will provide results. These consolidated financial statements do not include any adjustments that would be required if the Nation was unable to continue operating.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

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NOTES TO THE FINANCIAL STATEMENTS**MARCH 31, 2014**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued.....*)Reporting entity

The Shamattawa First Nation reporting entity includes the Shamattawa First Nation government and all related entities that are controlled by the First Nation.

Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis (if applicable). Inter-organizational balances are eliminated upon consolidation.

Under the modified equity method of accounting, only Shamattawa First Nation's investment in the government business enterprise's net income and other changes in equity are recorded. No adjustments is made for accounting policies of the enterprise that are different from those of the Shamattawa First Nation.

Organizations and departments consolidated in Shamattawa First Nation's financial statements include:

- | | |
|---------------------------------------|---------------------------|
| - Administration | - Health |
| - Social | - Employment and Training |
| - Education | - Kisemattawa Pimukamik |
| - P.M. Associates | - Conawapa Project |
| - Ayshkum - Water and Sewer Project | - Convenience store |
| - Shawano Consulting - School Project | |

Organizations and departments accounted for on a modified equity basis include:

- N/A (none)

Cash and cash equivalents

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

Inventories for resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

Loans receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

Portfolio investments

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued.....*)Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Shamattawa First Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows::

Buildings	15-40 years
Housing	25 years
Infrastructure	25 years
Automotive	3-5 years
Heavy machinery	5 years
Furniture and equipment	5 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to Shamattawa First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Inventories for use

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

Retirement benefits

The Shamattawa First Nation's employees benefits consists of a defined contribution pension plan. The First Nation's contributions to the defined contribution plan are expensed as incurred.

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NOTES TO THE FINANCIAL STATEMENTS**MARCH 31, 2014**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued.....*)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 recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenues when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Foreign currency translation

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the financial statement date. Gains and losses resulting from foreign currency transactions are included in the consolidated statement of operations.

Measurement uncertainty

In preparing the consolidated financial statements for Shamattawa First Nation, management is required 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 expenses during the period. Items requiring the use of significant estimates include accounts receivable, inventory and capital assets. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of the related tangible capital assets. Actual results could differ from these estimates.

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NOTES TO THE FINANCIAL STATEMENTS**MARCH 31, 2014****4. CASH AND CASH EQUIVALENTS**

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Shamattawa First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund. Cash and cash equivalents is comprised of the following:

	<u>2014</u>	<u>2013</u>
Externally restricted		
Apartment Replacement and Subsidy (NOTE 13)	\$ 1,047,483	\$ 950,703
Soil remediation project	499,794	1,431,007
New School Project	<u>6,704,171</u>	<u>2,438,093</u>
	<u>8,251,448</u>	<u>4,819,803</u>
Internally restricted		
Education - bus replacement reserve	<u>25,917</u>	<u>17,077</u>
Unrestricted		
Operating cash deficiency	(<u>1,448,970</u>)	(<u>448,824</u>)
Total cash and cash equivalents	\$ <u>6,828,395</u>	\$ <u>4,388,056</u>

5. ACCOUNTS RECEIVABLE

	<u>2014</u>	<u>2013</u>
Aboriginal Affairs and Northern Development Canada	\$ 643,455	\$ 178,447
MKO - Employment and Training	85,091	
Manitoba Hydro		71,924
Solicitor General		24,809
Canada Mortgage and Housing Corporation	346,719	48,929
Other		43,807
First Nations and Inuit Health	<u>322,709</u>	<u>12,939</u>
	\$ <u>1,397,974</u>	\$ <u>380,855</u>

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NOTES TO THE FINANCIAL STATEMENTS**MARCH 31, 2014**

6. FUNDS HELD IN TRUST

	<u>2014</u>	<u>2013</u>
Ottawa Trust Funds	\$ <u>3,779</u>	\$ <u>3,729</u>

The Ottawa Trust Fund arises from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned when it is measurable and collection is reasonably assured. Capital and revenue trust money are transferred to the Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the Nation's Council.

7. INVENTORIES FOR RESALE

	<u>2014</u>	<u>2013</u>
Gasoline and diesel	\$ <u>1,200,000</u>	\$ <u>1,130,000</u>

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2014</u>	<u>2013</u>
AANDC	\$ 731,210	\$ 731,210
Manitoba Hydro	1,080,480	303,722
Receiver General	305,892	216,606
SVB Inc.	630,079	2,839,063
Aboriginal Strategies	98,740	98,740
Meyers Norris Penney	87,925	92,925
Wasaya Air	41,204	41,204
Price Waterhouse	88,197	88,197
NDL Construction Ltd.	4,421,900	
Tri-Core Project	13,600	13,600
Kennedy Energy	1,802,600	859,707
First Canadian Fuel	402,817	402,817
Other trade payables	<u>1,041,807</u>	<u>1,380,399</u>
	\$ <u>10,746,451</u>	\$ <u>7,068,190</u>

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

9. DEFERRED REVENUE

		<u>2014</u>	<u>2013</u>
PM Associates: Soil remediation	Manitoba Hydro	\$ 499,794	\$ 1,412,014
Rent	Northern store	9,658	9,658
PM Associates: School tank farm	AANDC		2,875,700
PM Associates: Contaminated sites	AANDC	522,086	55,280
New School Project	AANDC	2,282,272	2,302,697
Band housing	AANDC	<u>1,507,800</u>	<u>1,507,800</u>
		<u>\$ 4,821,610</u>	<u>\$ 8,163,149</u>

10. CONTINGENT LIABILITIES

Shamattawa First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of agreements.

In addition, in the normal course of its operations, Shamattawa First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense is recorded on Shamattawa First Nation's financial statements.

SVB Inc., has initiated legal action against the Shamattawa First Nation for unpaid amounts owing. To date, a itemized break down of alleged amounts outstanding have not been provided. Payments issued to SVB Inc. have been applied to the March 31, 2013 accrued payable to SVB Inc as no invoicing was received for the 2013/14 fiscal year. Any amounts awarded above the outstanding payable will be reflected in the year of settlement.

11. GOVERNMENT TRANSFERS

	<u>OPERATING</u>	<u>CAPITAL</u>	<u>--- COMBINED ---</u>	
			<u>2014</u>	<u>2013</u>
<u>Federal government transfers</u>				
Aboriginal Affairs and Northern Development Canada	\$ 12,293,833	\$ 11,584,600	\$ 23,878,433	\$ 29,935,355
Health Canada	1,539,144	265,606	1,804,750	1,450,974
Human Resources and Skills Development CMHC	477,349		477,349	477,349
Solicitor General	637,290		637,290	622,324
	<u>55,131</u>		<u>55,131</u>	<u>55,131</u>
	<u>15,002,747</u>	<u>11,850,206</u>	<u>26,852,953</u>	<u>32,541,133</u>
<u>Provincial government transfers</u>				
Winter roads			-	-
	<u>\$ 15,002,747</u>	<u>\$ 11,850,206</u>	<u>\$ 26,852,953</u>	<u>\$ 32,541,133</u>

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

12. LONG-TERM DEBT	2014	2013
John Deere, commercial lease payable in monthly instalments of \$10,655 including interest at 6.75%, secured by related equipment with a net book value of \$373,000 due December 2014	\$	\$ 93,256
Peace Hills Trust mortgage bearing interest at 5.40%, payable in monthly instalments of \$6,267 including interest, due August 2015	235,612	296,300
Peace Hills Trust mortgage bearing interest at 5.40%, payable in monthly instalments of \$8,142 including interest, due September 2015	141,758	229,224
Peace Hills Trust mortgage bearing interest at 4.85%, payable in monthly instalments of \$8,509 including interest, due October 2014	59,517	156,180
CMHC mortgage bearing interest at 2.57%, payable in monthly instalments of \$4,985 including interest, due December 2014	557,911	602,839
CMHC mortgage bearing interest at 2.57%, payable in monthly instalments of \$966 including interest, due December 2014	108,125	116,832
CMHC mortgage bearing interest at 1.53%, payable in monthly instalments of \$3,533 including interest, due December 2017	258,964	297,090
CMHC mortgage bearing interest at 2.02%, payable in monthly instalments of \$3,250 including interest, due August 2018	621,992	646,959
CMHC mortgage bearing interest at 2.35%, payable in monthly instalments of \$3,065 including interest, due September 2018	573,519	595,324
Peace Hills Trust mortgage bearing interest at prime plus 2%, payable in monthly instalments of \$14,956 including interest, with no maturity date	823,475	987,967
CMHC mortgage bearing interest at 2.35%, payable in monthly instalments of \$4,596 including interest, due September 2018	860,144	892,853
CMHC mortgage bearing interest at 2.57%, payable in monthly instalments of \$6,540 including interest, due December 2014	356,442	424,854
CMHC mortgage bearing interest at 2.57%, payable in monthly instalments of \$6,660 including interest, due December 2014	1,283,712	1,330,164
CMHC mortgage bearing interest at 2.51%, payable in monthly instalments of \$6,261 including interest, due March 2015	1,225,189	1,269,121
CMHC mortgage bearing interest at 1.44%, payable in monthly instalments of \$5,286 including interest, due December 2017	<u>1,253,837</u>	<u>1,184,172</u>
	\$ <u>8,360,197</u>	\$ <u>9,123,135</u>

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NOTES TO THE FINANCIAL STATEMENTS**MARCH 31, 2014**12. LONG-TERM DEBT *(continued.....)*

Principal payments on long-term debt in each of the next five years, assuming all term debt subject to contractual terms of repayment and long-term debt subject to refinancing is renewed, is estimated as follows:

2015	\$ 688,521
2016	567,336
2017	534,314
2018	560,021
2019	590,565

The Peace Hills Trust and CMHC mortgages are secured by a Ministerial Guarantee from the Department of Aboriginal Affairs and Northern Development Canada.

13. CONSTRUCTION IN PROGRESS

	<u>2014</u>	<u>2013</u>
New School	\$ 28,340,166	\$ 16,734,503
Band houses	2,700,000	2,700,000
School tank farm		2,908,370
Community hall	<u>575,000</u>	<u>575,000</u>
	<u>\$ 31,615,166</u>	<u>\$ 22,917,873</u>

These assets will not be amortized until they are available for use by the First Nation.

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

14. REPLACEMENT RESERVE

Under the terms of the agreements with CMHC, the replacement reserve was to be credited with an annual allocation determined by the number of houses available for use. Expenditures are charged first to accumulated interest and then to principal.

	<u>2014</u>	<u>2013</u>
<u>Pre 1997</u>		
Balance, beginning of year	\$ 641,246	\$ 608,496
Replacement reserve allocation for the year	<u>32,750</u>	<u>32,750</u>
	<u>673,996</u>	<u>641,246</u>
<u>Pre 1996</u>		
Balance, beginning of year	314,257	255,027
Replacement reserve allocation for the year	<u>59,230</u>	<u>54,430</u>
	<u>373,487</u>	<u>309,157</u>
	\$ <u>1,047,483</u>	\$ <u>950,703</u>

Under the terms of the agreements with CMHC, the Replacement Reserve bank account is to be credited with an annual charge to each CMHC project as follows:

Pre 1997	\$ 32,750
Post 1996	\$ 59,230

Interest earned on these funds accrues directly to the Replacement Reserve and not to operations. These funds along with accrued interest must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. Purchases made from the Replacement Reserve must be for approved capital items as determined by CMHC and are charged against the balance in the Replacement Reserve and not against operations. As at March 31, 2014 the Replacement Bank account had a nil balance (2013 - nil), and therefore was underfunded by \$1,047,483 (2013 - underfunded by \$950,703).

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

15. ACCUMULATED SURPLUS	<u>2014</u>	<u>2013</u>
Replacement reserve (NOTE 13)	\$ 1,047,483	\$ 950,703
Funds held in trust (NOTE 6)	3,729	3,729
Internally restricted - bus replacement reserve	25,917	17,077
Investment in tangible capital assets	66,118,884	55,017,252
Accumulated operating deficit	(6,544,219)	(6,733,035)
	<u>\$ 60,651,794</u>	<u>\$ 49,255,726</u>

16. ECONOMIC DEPENDENCE

The Nation receives 75% 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 under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

17. BUDGET INFORMATION

The budget figures are presented as supplementary information to the financial statements and have not been audited. Budgeted numbers were implemented after the fact and are not being used as a financial tool to control expenditures.

18. FUNDING RECONCILIATION

	<u>2014</u>
<u>Aboriginal Affairs and Northern Development Canada</u>	
Arrangement: 1314-05-000055	\$ 23,878,433
Add funding deferred from previous year	8,130,881
Less funding deferred to following year	(4,811,952)
Funding per Statement 2	<u>\$ 27,197,362</u>

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified where necessary to conform with current year's presentation.

SHAMATTAWA FIRST NATION

CONSOLIDATED SCHEDULE OF REVENUE AND EXPENSES

SCHEDULE I

YEAR ENDED MARCH 31,

Segment	AANDC Revenue	Other Revenue	Deferred Revenue	Total Revenue	Total Expenses	Surplus (Deficit) before adjustments	Expenses Capitalized	Transfers from (to)	2014 Surplus (Deficit)	2013 Surplus (Deficit)
Education - Band Employee Benefits	179,901	-	-	179,901	184,988	(5,087)	-	5,087	308,810	(492)
Education - Instructional	2,072,420	-	-	2,072,420	1,565,875	506,545	-	(197,735)	46,775	46,775
Education - Band Operated Special Education	666,590	-	-	666,590	666,377	1,213	-	-	1,213	(745)
Education - Student Transportation	314,516	-	-	314,516	175,062	139,454	37,498	-	176,952	139,321
Education - Private Home Placement (SET)	85,331	-	-	85,331	97,567	(12,236)	-	12,236	-	116,780
Education - Private Home Placement (Fixed)	59,105	-	-	59,105	60,155	(1,050)	-	1,050	-	(951)
Education - Operations and Maintenance	1,184,798	-	-	1,184,798	1,212,753	(27,955)	-	27,955	-	(81,049)
Education - Post Secondary	67,372	-	-	67,372	57,320	10,052	-	-	10,052	(3,296)
Education - Enhanced Teacher Salaries	40,715	-	-	40,715	41,012	(297)	-	297	-	153,270
Band Support	780,434	400,000	-	1,180,434	1,337,108	(156,674)	-	55,333	(101,341)	105
Capacity Development	93,995	-	-	93,995	95,000	(1,005)	-	-	(1,005)	-
Consewapa Project	306,718	-	-	306,718	306,718	-	-	-	-	22,309
Unfunded Services	361,900	-	-	361,900	424,124	(62,224)	-	62,224	(331)	(11,964)
Basic Needs	3,642,611	-	-	3,642,611	3,642,942	(331)	-	-	(1,201)	(106,935)
Service Delivery	67,011	-	-	67,011	68,212	(1,201)	-	-	6,466	(91)
In-Home Care	94,255	-	-	94,255	87,789	6,466	-	-	6,750	-
Special Needs	107,816	-	-	107,816	101,066	6,750	-	-	(410,464)	(475,045)
CMHC Housing	-	932,303	-	932,303	1,342,767	(410,464)	-	-	(4,570)	(1,280,000)
Capital Project - CMHC Projects	-	-	-	-	4,570	(4,570)	-	-	(35,650)	(69)
Band Housing	274,350	-	-	274,350	310,000	(35,650)	-	-	86,329	(110,700)
Economic Development	122,365	-	-	122,365	67,032	55,333	-	(55,333)	(62,224)	46,264
Kisemattawa Pimukamik	-	1,634,732	-	1,634,732	1,486,179	148,553	-	-	-	-
Convenience Store	47,703	-	-	47,703	47,700	3	-	-	3	-
Business Development	57,015	-	-	57,015	12,496	44,519	-	-	44,519	158
Community Services - Fire Protection	382,702	93,240	-	475,942	545,044	(69,102)	-	69,102	-	(25,098)
Community Services - Others	454,960	-	-	454,960	305,875	149,085	-	(79,866)	69,219	115,624
Water Systems - Fixed	3,005	-	-	3,005	4,750	(1,745)	-	1,745	-	-
Water Systems - Set	363,298	-	-	363,298	172,281	191,017	-	-	191,017	21,612
Wastewater Systems - Fixed	42,001	-	-	42,001	9,555	32,446	-	(231)	32,215	9,350
Solid Waste - Fixed	3,819	-	-	3,819	3,850	(31)	-	231	-	1,150
Wastewater Systems - Set	500,694	-	-	500,694	384,513	116,181	-	(14,554)	101,627	20,761
Crisis Centre	13,785	55,131	-	13,785	15,000	(1,215)	-	1,215	-	(293)
Crisis Centre - Set	-	189,640	-	189,640	68,470	(13,339)	-	13,339	(1,970)	1,200
Policing	-	377,619	-	377,619	1,289,839	(9,019)	-	-	2,908,370	100
Winter Road	522,086	-	390,134	1,289,839	2,908,370	(9,019)	2,908,370	-	(3,549,000)	(3,130,976)
Soil Remediation	-	-	2,908,370	2,908,370	9,019	(9,019)	-	9,019	-	-
School Tank Farm	-	-	-	-	3,549,000	(3,549,000)	-	-	(3,549,000)	-
Roads and Drainage	-	-	-	-	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-	-	-	-	-
Capital Project - 6 Stick Built Homes	-	-	-	-	-	-	-	-	-	-
Classroom Portables	-	-	-	-	-	-	-	-	-	-
New School Project - Fixed	-	-	2,302,697	2,302,697	2,302,697	-	2,302,697	-	2,302,697	(160,000)
Capital Project - Education Furnaces	-	-	-	-	-	-	-	-	-	(19,295)
New School Project - Flexible	11,584,600	638	(2,282,272)	9,302,966	9,302,966	-	9,302,966	-	9,302,966	16,000
New Paths for Education	29,000	-	-	29,000	29,000	-	-	-	-	-
Skills Link Program	-	-	-	-	-	-	-	-	-	-
ICT Work Placement	20,380	-	-	20,380	23,240	(2,860)	-	2,860	-	(1,975)
Shamattawa Employment and Training	-	477,349	-	477,349	625,599	(148,250)	-	148,250	-	(4,798)
Shamattawa Health Authority	-	1,949,564	-	1,949,564	2,162,854	(213,290)	73,705	-	(139,585)	(98,005)
Add expenses capitalized	-	-	-	-	-	-	-	-	-	19,726,503
	23,878,433	6,778,834	3,318,929	33,976,196	37,297,344	(3,321,148)	14,625,236	-	11,304,088	14,945,198

SHAMATTAWA FIRST NATION

SCHEDULE II

CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT

YEAR ENDED MARCH 31,

	2014	2013
Administration	\$ 234,814	\$ 222,463
Amortization	4,204,893	3,899,292
Bank charges and interest	33,748	32,597
Basic needs	3,642,942	3,611,795
Co-management fees	255,653	356,754
Community events	102,647	95,291
Construction	15,869,220	20,019,621
Discretionary assistance	81,601	72,748
Freight	3,775	17,210
Fuel	487,841	574,070
Funeral	68,740	65,440
Furniture and equipment	83,443	34,108
Garbage pick up	9,555	30,544
Gas and diesel purchases	1,392,229	524,400
Group insurance	104,561	89,407
Homemakers	25,590	17,599
Honouraria	326,834	333,880
Hydro	1,247,294	1,345,062
Insurance	441,551	393,885
Interest on long-term debt	202,393	279,061
Materials and supplies	275,679	912,341
Miscellaneous	26,352	48,802
Office	138,036	75,699
Pension	162,887	154,079
Professional fees	363,420	223,811
Project management	48,400	17,855
Rental	351,613	97,391
Repairs and maintenance	581,492	386,479
Replacement reserve	91,980	87,180
Salaries and benefits	4,491,570	4,670,066
Special needs	105,003	112,840
Special projects	5,331	123,859
Telephone	64,527	64,477
Training	455,479	310,566
Travel	1,129,601	1,013,787
Treaty days	32,000	7,326
Tuition	68,435	91,866
Upgrading allowance	69,990	42,691
User fees	4,374	1,025
Workshops	11,851	28,432
TOTAL EXPENSES	\$ 37,297,344	\$ 40,485,799

SHAMATTAWA FIRST NATION

SHAMATTAWA FIRST NATION
CONSOLIDATED SCHEDULE OF REVENUE AND EXPENSES BY SEGMENT
SCHEDULE III

YEAR ENDED MARCH 31,

	Budget 2014	Actuals 2014	Actuals 2013		Budget 2014	Actuals 2014	Actuals 2013
<u>EDUCATION</u>				<u>COMMUNITY SERVICES</u>			
AANDC Revenue	\$ 4,670,748	\$ 4,670,748	\$ 4,588,767	AANDC Revenue	\$ 1,821,079	\$ 1,821,079	\$ 1,749,551
Other revenue	-	-	50,167	Other revenue	338,011	338,011	678,604
	<u>4,670,748</u>	<u>4,670,748</u>	<u>4,638,934</u>		<u>2,159,090</u>	<u>2,159,090</u>	<u>2,428,155</u>
Salaries & benefits	2,000,031	2,000,031	2,265,227	Salaries & benefits	774,341	774,341	797,567
Amortization	-	-	-	Amortization	-	-	-
Other Expenses	<u>2,060,078</u>	<u>2,060,078</u>	<u>2,157,671</u>	Other Expenses	<u>939,103</u>	<u>939,103</u>	<u>1,755,455</u>
	<u>4,060,109</u>	<u>4,060,109</u>	<u>4,422,898</u>		<u>1,713,444</u>	<u>1,713,444</u>	<u>2,553,022</u>
Annual Surplus (Deficit)	\$ <u>610,639</u>	\$ <u>610,639</u>	\$ <u>216,036</u>	Annual Surplus (Deficit)	\$ <u>445,646</u>	\$ <u>445,646</u>	\$ <u>(124,867)</u>
<u>BAND GOVERNMENT</u>				<u>CAPITAL PROJECTS</u>			
AANDC Revenue	\$ 874,429	\$ 874,429	\$ 775,711	AANDC Revenue	\$ 15,425,615	\$ 15,425,615	\$ 17,632,854
Other revenue	<u>1,068,618</u>	<u>1,068,618</u>	<u>1,069,174</u>	Other revenue	<u>378,257</u>	<u>378,257</u>	<u>105,118</u>
	<u>1,943,047</u>	<u>1,943,047</u>	<u>1,844,885</u>		<u>15,803,872</u>	<u>15,803,872</u>	<u>17,737,972</u>
Salaries & benefits	354,631	354,631	313,118	Salaries & benefits	-	-	20,655
Amortization	-	-	-	Amortization	3,549,000	3,549,000	3,154,279
Other Expenses	<u>1,808,319</u>	<u>1,808,319</u>	<u>1,788,083</u>	Other Expenses	<u>15,812,891</u>	<u>15,812,891</u>	<u>18,199,958</u>
	<u>2,162,950</u>	<u>2,162,950</u>	<u>2,101,201</u>		<u>19,361,891</u>	<u>19,361,891</u>	<u>21,374,892</u>
Annual Surplus (Deficit)	\$ <u>(219,903)</u>	\$ <u>(219,903)</u>	\$ <u>(256,316)</u>	Annual Surplus (Deficit)	\$ <u>(3,558,019)</u>	\$ <u>(3,558,019)</u>	\$ <u>(3,636,920)</u>
<u>SOCIAL SERVICES</u>				<u>EMPLOYMENT PROGRAMS</u>			
AANDC Revenue	\$ 3,893,819	\$ 3,911,693	\$ 3,862,163	AANDC Revenue	\$ 49,380	\$ 49,380	\$ 64,664
Other revenue	<u>17,874</u>	<u>-</u>	<u>-</u>	Other revenue	<u>477,349</u>	<u>477,349</u>	<u>477,349</u>
	<u>3,911,693</u>	<u>3,911,693</u>	<u>3,862,163</u>		<u>526,729</u>	<u>526,729</u>	<u>542,013</u>
Salaries & benefits	107,389	107,389	116,734	Salaries & benefits	339,494	339,494	303,544
Amortization	-	-	-	Amortization	-	-	-
Other Expenses	<u>3,792,620</u>	<u>3,792,620</u>	<u>3,864,419</u>	Other Expenses	<u>338,345</u>	<u>338,345</u>	<u>245,242</u>
	<u>3,900,009</u>	<u>3,900,009</u>	<u>3,981,153</u>		<u>677,839</u>	<u>677,839</u>	<u>548,786</u>
Annual Surplus (Deficit)	\$ <u>11,684</u>	\$ <u>11,684</u>	\$ <u>(118,990)</u>	Annual Surplus (Deficit)	\$ <u>(151,110)</u>	\$ <u>(151,110)</u>	\$ <u>(6,773)</u>
<u>HOUSING</u>				<u>HEALTH</u>			
AANDC Revenue	\$ 274,350	\$ 274,350	\$ 1,152,080	AANDC Revenue	\$ -	\$ -	\$ -
Other revenue	<u>932,303</u>	<u>932,303</u>	<u>976,841</u>	Other revenue	<u>1,949,564</u>	<u>1,949,564</u>	<u>1,588,971</u>
	<u>1,206,653</u>	<u>1,206,653</u>	<u>2,128,921</u>		<u>1,949,564</u>	<u>1,949,564</u>	<u>1,588,971</u>
Salaries & benefits	-	-	-	Salaries & benefits	716,217	716,217	751,156
Amortization	620,740	620,740	723,611	Amortization	-	35,153	13,042
Other Expenses	<u>1,036,597</u>	<u>1,036,597</u>	<u>2,096,275</u>	Other Expenses	<u>1,446,637</u>	<u>1,411,484</u>	<u>922,778</u>
	<u>1,657,337</u>	<u>1,657,337</u>	<u>2,819,886</u>		<u>2,162,854</u>	<u>2,162,854</u>	<u>1,686,976</u>
Annual Surplus (Deficit)	\$ <u>(450,684)</u>	\$ <u>(450,684)</u>	\$ <u>(690,965)</u>	Annual Surplus (Deficit)	\$ <u>(213,290)</u>	\$ <u>(213,290)</u>	\$ <u>(98,005)</u>
<u>ECONOMIC DEVELOPMENT</u>				<u>COMBINED TOTALS</u>			
AANDC Revenue	\$ 170,068	\$ 170,068	\$ 109,565	AANDC Revenue	\$ 27,197,362	\$ 27,197,362	\$ 29,935,355
Other revenue	<u>1,634,732</u>	<u>1,634,732</u>	<u>822,915</u>	Other revenue	<u>6,778,834</u>	<u>6,778,834</u>	<u>5,769,139</u>
	<u>1,804,800</u>	<u>1,804,800</u>	<u>932,480</u>		<u>33,976,196</u>	<u>33,976,196</u>	<u>35,704,494</u>
Salaries & benefits	131,065	131,065	102,065	Salaries & benefits	4,423,168	4,423,168	4,670,066
Amortization	-	-	8,361	Amortization	4,169,740	4,204,893	3,899,293
Other Expenses	<u>1,469,846</u>	<u>1,469,846</u>	<u>886,559</u>	Other Expenses	<u>28,704,436</u>	<u>28,669,283</u>	<u>31,916,440</u>
	<u>1,600,911</u>	<u>1,600,911</u>	<u>996,985</u>		<u>37,297,344</u>	<u>37,297,344</u>	<u>40,485,799</u>
Annual Surplus (Deficit)	\$ <u>203,889</u>	\$ <u>203,889</u>	\$ <u>(64,505)</u>	Annual Surplus (Deficit)	\$ <u>(3,321,148)</u>	\$ <u>(3,321,148)</u>	\$ <u>(4,781,305)</u>

SHAMATTAWA FIRST NATION

SCHEDULE IV

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

YEAR ENDED MARCH 31,

	Building	Housing	Infrastructure	Automotive	Heavy machinery	Furniture and equipment	2014	2013
<u>Cost:</u>								
COST, beginning of year	\$ 52,552,501	\$ 16,906,112	\$ 37,314,590	\$ 912,534	\$ 2,226,807	\$ 111,216	\$ 110,023,760	\$ 107,377,799
Additions during year			2,908,370	111,203			3,019,573	2,645,961
Disposals and write downs				(50,000)			(50,000)	
COST, end of year	<u>52,552,501</u>	<u>16,906,112</u>	<u>40,222,960</u>	<u>973,737</u>	<u>2,226,807</u>	<u>111,216</u>	<u>112,993,333</u>	<u>110,023,760</u>
<u>Accumulated Amortization:</u>								
ACCUMULATED AMORTIZATION, beginning of year	39,395,297	7,996,069	16,367,578	463,997	1,701,638	49,946	65,974,525	62,075,233
Amortization	1,313,813	620,740	1,608,918	197,840	445,361	18,221	4,204,893	3,899,282
Disposals and write downs				(50,000)			(50,000)	
ACCUMULATED AMORTIZATION, End of year	<u>40,709,110</u>	<u>8,616,809</u>	<u>17,976,496</u>	<u>611,837</u>	<u>2,146,999</u>	<u>68,167</u>	<u>70,129,418</u>	<u>65,974,525</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 11,843,391</u>	<u>\$ 8,289,303</u>	<u>\$ 22,246,464</u>	<u>\$ 361,900</u>	<u>\$ 79,808</u>	<u>\$ 43,049</u>	<u>\$ 42,863,915</u>	<u>\$ 44,049,235</u>