

War Lake First Nation
Consolidated Financial Statements
March 31, 2019

War Lake First Nation Contents

For the year ended March 31, 2019

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Management's Responsibility

To the Chief and Council and Members of War Lake First Nation:

The accompanying consolidated financial statements of War Lake First Nation (the "First Nation") are the responsibility of management and have been approved by the Chief and Council.

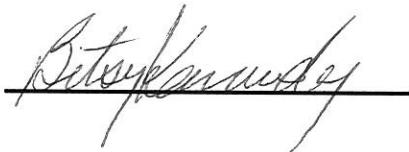
Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting policies 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 consolidated financial statements.

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

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Chief and 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 Chief and Council and management to discuss their audit findings.

April 13, 2020

A handwritten signature in black ink, appearing to read "Bitay Kanwey", is written over a horizontal line.

Independent Auditor's Report

To the Members of War Lake First Nation:

Qualified Opinion

We have audited the consolidated financial statements of War Lake First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Inventory consists of merchandise and fuel purchased for resale at the War Lake Convenience Store Ltd., which is owned by the First Nation. We did not observe the inventory count at the beginning or end of the year and alternative means did not provide us with the necessary assurance concerning the quantity on hand or the cost of inventory. As a result, we were unable to determine whether any adjustments are required to inventory, expenses, annual surplus (deficit), accumulated surplus, net debt and cash provided from operations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Winnipeg, Manitoba

April 13, 2020

MNP LLP

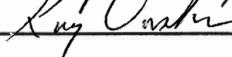
Chartered Professional Accountants

MNP
LLP

War Lake First Nation
Consolidated Statement of Financial Position
As at March 31, 2019

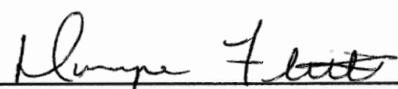
	2019	2018 (Restated)
Financial assets		
Cash and cash equivalents	881,437	119,264
Accounts receivable (Note 4)	3,297,677	3,255,738
Portfolio investments (Note 5)	60,064	60,060
Inventory for resale (Note 6)	56,503	133,611
Restricted cash and trust funds (Note 7)	211,839	213,303
	4,507,520	3,781,976
Liabilities		
Accounts payable and accruals (Note 8)	671,804	477,008
Deferred revenue (Note 9)	3,030,380	2,779,992
Due to related party (Note 10)	225,911	225,911
Advances (Note 11)	150,000	150,000
Long-term debt (Note 12)	1,361,371	1,464,001
Capital lease obligation (Note 13)	108,739	47,115
	5,548,205	5,144,027
Net debt	(1,040,685)	(1,362,051)
Contingent liabilities (Note 21)		
Non-financial assets		
Tangible capital assets (Note 14)	9,123,216	9,281,661
Prepaid expenses (Note 15)	15,023	17,527
	9,138,239	9,299,188
Accumulated surplus (Note 16)	8,097,554	7,937,137

Approved on behalf of Chief and Council

Chief

Councillor



Councillor

War Lake First Nation
Consolidated Statement of Operations
For the year ended March 31, 2019

	<i>Schedules</i>	<i>2019 Budget</i>	<i>2019</i>	<i>2018 (Restated)</i>
Revenue				
Indigenous Services Canada (Note 17)		1,174,517	1,578,105	3,818,845
Health Canada (Note 18)		513,065	979,948	625,473
Other		1,601,846	3,097,269	2,877,392
Canada Mortgage and Housing Corporation		87,780	82,648	85,635
Solicitor General		63,768	91,342	51,198
Manitoba Hydro		24,000	29,251	86,371
Province of Manitoba		169,190	123,102	81,896
Deferred revenue - prior year		2,744,200	2,779,992	70,106
Deferred revenue - current year		-	(2,675,380)	(2,779,992)
		6,378,366	6,086,277	4,916,924
Segment expenses				
First Nations Management	3	1,017,307	1,409,198	1,089,895
Social Services	4	187,724	214,490	197,259
Economic Development	5	27,821	27,821	27,821
Hydro Development - Keeyask Project	6	99,302	97,881	55,736
Health Services	7	724,562	386,392	327,509
Operating Programs	8	1,649,949	1,572,556	1,312,247
Public Works	9	219,964	248,967	167,547
Capital	10	2,651,385	252,082	64,166
CMHC Housing Operations	11	212,050	217,382	197,940
War Lake First Nations Hydro Trust Funds	12	-	1,069,650	1,156,237
War Lake Convenience Store Ltd.	13	-	429,441	810,991
		6,790,064	5,925,860	5,407,348
Surplus (deficit)		(411,698)	160,417	(490,424)

War Lake First Nation
Consolidated Statement of Accumulated Surplus
For the year ended March 31, 2019

	2019	2018 (Restated)
Accumulated surplus, beginning of year	8,149,468	8,515,651
Correction of an error (Note 24)	(212,331)	(88,090)
Accumulated surplus, beginning of year, as restated	7,937,137	8,427,561
Surplus (deficit)	160,417	(490,424)
Accumulated surplus, end of year	8,097,554	7,937,137

War Lake First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2019

	2019 Budget	2019	2018 (Restated)
Annual surplus (deficit)	(411,698)	160,417	(490,424)
Purchases of tangible capital assets	-	(643,352)	(87,475)
Amortization of tangible capital assets	493,694	801,797	689,988
Change in prepaid expenses	-	2,504	(6,089)
Increase in net debt	81,996	321,366	106,000
Net debt, beginning of year	(1,273,961)	(1,362,051)	(1,468,051)
Net debt, end of year	(1,191,965)	(1,040,685)	(1,362,051)

War Lake First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018
	<i>(Restated)</i>	
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	160,417	(490,424)
Non-cash items	801,797	689,988
Amortization	962,214	199,564
Changes in working capital accounts		
Accounts receivable	(41,939)	(2,499,227)
Inventory for resale	77,108	(82,467)
Accounts payable and accruals	194,796	(32,830)
Deferred revenue	250,388	2,709,886
Due to related party	-	53,329
Prepaid expenses	2,504	(6,089)
	1,445,071	342,166
Financing activities		
Advances of long term debt	-	54,705
Repayment of long-term debt	(102,630)	(192,734)
Repayment of capital lease obligation	(47,115)	(58,848)
	(149,745)	(196,877)
Capital activities		
Purchases of tangible capital assets	(534,613)	(87,475)
Investing activities		
Purchase of portfolio investments	(4)	-
Restricted cash and trust funds	1,464	(93,756)
Decrease in investments in First Nation business partnerships	-	60,010
	1,460	(33,746)
Increase in cash resources	762,173	24,068
Cash resources, beginning of year	119,264	95,196
Cash resources, end of year	881,437	119,264

War Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

1. Operations

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

2. Change in accounting policy

Effective April 1, 2018, the First Nation adopted the recommendations relating to the following Sections, as set out in the Canadian public sector accounting standards.

- *PS 3430 Restructuring Transactions*

Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements of adopting the new Sections.

3. Significant accounting policies

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

Reporting entity

The War Lake First Nation reporting entity includes the First Nation government and all related enterprises that are accountable to the First Nation and are either owned or controlled by the First Nation. The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- War Lake Administration
- War Lake Social Services
- War Lake Hydro Trust Funds
- War Lake Convenience Store Ltd.

All inter-entity balances have been eliminated on consolidation.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses 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.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Portfolio investments

Investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Inventory for resale

Inventory for resale is valued at the lower of cost and net realizable value. Cost is determined on the following basis:

Petroleum products	- Average cost
Confectionery and snacks	- Percentage of costs based on normal mark-up percentage

War Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

3. Significant accounting policies *(Continued from previous page)*

Tangible capital assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods and delivering services. Assets under construction are not amortized until the asset is available to be put into service.

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.

Amortization

Tangible capital assets are amortized annually using the declining balance method at rates intended to amortize the cost of the assets over their estimated useful lives:

	Rate
Buildings	4 %
Infrastructure	4 %
Vehicles	20 %
Equipment	10 - 20 %
CMHC Housing	4 %

Capital lease

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at the present value of the minimum lease payments. Assets under capital leases are amortized over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

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, or group of assets, exceeds the value of future economic benefits associated with the asset. Impairment is measured as the amount by which the assets' carrying amount exceeds its residual value of the assets' service potential to the First Nation. Any impairment is included in operations for the year.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

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

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 financial liabilities. Net debt combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

War Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

3. Significant accounting policies *(Continued from previous page)*

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Liability for contaminated sites

A liability for remediation of contaminated sites 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 available at March 31, 2019.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is 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.

Revenue recognition

Government transfer revenue, including, but not limited to, Indigenous Services Canada, Health Canada, Province of Manitoba and Canada Mortgage and Housing Corporation funding is recognized as the funding becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt, and is matched with related department expenses in the year of their occurrence. Funding that is restricted for particular purposes is deferred and recognized when the eligible expenses have been incurred.

The First Nation recognizes VLT revenue as the net win from gaming activities (the difference between gaming wins and gaming losses), consisting of slot machines, on a daily basis. Gaming revenue is net of commissions paid to Manitoba Liquor and Lotteries Corporation. Management believes that it is appropriate to present these commissions net of gaming revenue as these amounts are fixed as per their agreement with Manitoba Liquor and Lotteries Corporation.

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

Investment and interest revenue is recognized on an accrual basis in the year that it is earned.

All other types of revenue are recognized by the First Nation when the services are provided or the goods are shipped and collectability is reasonably assured.

Measurement uncertainty

The preparation of consolidated financial statements in conformity 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Deferred revenue is recorded based on management's analysis of the extent to which eligibility requirements have been met on government transfer revenue.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the consolidated statement of operations in the year in which they become known.

War Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

3. Significant accounting policies *(Continued from previous page)*

Segments

The First Nation conducts its business through eleven reportable segments listed 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.

- **First Nation Management** - activities include the governance function relating to decisions that define expectations, grant power or verify performance.
- **Social Services** - activities include satisfying the economic, social or health related needs of members of the community who require assistance.
- **Economic Development** - activities include researching and accessing government funding.
- **Hydro Development** - maintaining office close to Manitoba Hydro head office for communication purposes related to the Keeyask project.
- **Health Services** - deliver health services to the First Nation.
- **Operating Programs** - activities include the planning, managing and delivery of various projects/programs involving various programs such as education, employment, infrastructure, repairs and maintenance and training.
- **Public Works** - activities include the development and maintenance of the community's infrastructure, buildings, roads, bridges and related equipment and the provision of other more specialized community services.
- **Capital** - activities include the planning, managing and delivery of large scale infrastructure and capital projects to the community.
- **CMHC Housing Operations** - activities include the management and maintenance of CMHC houses for community members.
- **War Lake First Nation Hydro Trust Funds** - include Ottawa Trust funds held in trust by Government of Canada for the First Nation members and War Lake First Nation Hydro Trust Funds which are available to members for discussion and negotiations with Manitoba Hydro involving environmental issues as a result of adverse effects due to the construction of a hydro dam and include travel expenses.
- **War Lake Convenience Store Ltd.** - operates a convenience store with Video Lottery Terminals onsite.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 3 to the consolidated financial statements.

Employee future benefits

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

War Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

3. Significant accounting policies *(Continued from previous page)*

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year.

The First Nation subsequently measures all financial instruments at amortized cost using the effective interest rate method. Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets are tested annually for impairment. Management considers all available information in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

4. Accounts receivable

	2019	2018
Trade accounts receivable	701,023	423,162
Indigenous Services Canada	2,565,825	2,896,612
CMHC subsidy assistance receivable	5,429	7,131
Members	55,025	23,243
War Lake Convenience Store Ltd. - Trade accounts receivable	8,554	42,059
	<hr/>	<hr/>
Allowance for doubtful accounts	3,335,856	3,392,207
	38,179	136,469
	<hr/>	<hr/>
	3,297,677	3,255,738

5. Portfolio investments

	2019	2018
		<i>(Restated)</i>
Missinnipi Rail Limited Partnership	4	-
Keewatin Railway Corporation	60,012	60,012
Cree Nation Partners Limited Partnership #1	16	16
Cree Nation Partners Limited Partnership #2	16	16
Cree Nation Partners Limited Partnership #3	16	16
	<hr/>	<hr/>
	60,064	60,060

6. Inventory for resale

	2019	2018
War Lake Convenience Store Ltd.	56,503	133,611

Inventory consists of merchandise and fuel purchased for resale by War Lake Convenience Store Ltd.

War Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

7. Restricted cash and trust funds

Restricted cash is subject to the restrictions imposed upon by outside parties and can only be used for purposes specified.

	2019	2018
Ottawa Trust Funds	75	73
War Lake Hydro Trust	114,162	116,114
CMHC replacement reserve	97,602	97,116
	211,839	213,303

Ottawa Trust Funds

The Ottawa trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by sections 63 to 69 of the Indian Act. 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 monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Chief and Council. Ottawa Trust Funds consist of the Capital trust in the amount of \$2 (2018 - \$2) and the Revenue trust in the amount of \$73 (2018 - \$71). Interest earned on the Ottawa Trust Funds totaled \$2 (2018 - \$1).

War Lake Hydro Trust

War Lake Hydro Trust in trust for War Lake First Nation was established to monitor and account for the financial contributions made by Manitoba Hydro towards expenses incurred by War Lake First Nation involving negotiations and environmental issue concerns arising from the potential future Hydro Electric development at Gull Rapids.

CMHC replacement reserve

As required as part of the First Nation's Canada Mortgage and Housing Corporation ("CMHC") housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to the houses. Under the terms of the agreements with CMHC, the replacement reserve 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. At March 31, 2019, the replacement reserve bank account is fully funded (2018 - \$14,223 - under funded).

Operating reserve

The First Nations's CMHC Housing Program receives funding pursuant to the Post 1997 - Fixed Subsidy Program. Any surpluses are externally restricted and reserved for future operating losses that relate to the operation of houses under this Program. These funds, along with accumulated interest, must be held in a separate bank account. Currently the reserve is \$nil (2018 - \$nil).

8. Accounts payable and accruals

	2019	2018
Indigenous Services Canada	29,335	9,103
Trade payables	642,469	467,905
	671,804	477,008

War Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

9. Deferred revenue

	2019	2018
War Lake Convenience Store Ltd. - VLT revenue	-	17,576
Health Canada - Jordan's Principle	365,257	262,416
Indigenous Services Canada - Lagoon Project	2,310,123	2,500,000
Manitoba Hydro - Keeyask Adverse Effect	355,000	-
	3,030,380	2,779,992

10. Due to related party

The amount is due to Mooseocoot Trust, a trust set up for the benefit of the War Lake First Nation members. The balance is due within the next fiscal year, is unsecured and non-interest bearing. During the year, the First Nation incurred travel costs of \$9,000 (2018 - \$14,132) on behalf of Mooseocoot Trust. These costs are included in Operating Programs.

11. Advances

Advances consist of amounts received from Manitoba Hydro in the amount of \$150,000 (2018 - \$150,000) related to negotiations for Past Adverse Effects. The advances are non-interest bearing and due on demand.

12. Long-term debt

	2019	2018
Phase 2, pre-1997: Repaid during the year.	-	39,540
CMHC mortgage repayable in monthly payments of \$1,557 including interest at 1.12% per annum, renewal date of February 1, 2020, maturity date of January 1, 2035, secured by Ministerial guarantee, CMHC undertaking to insure and assignment of insurance.	270,987	286,547
CMHC mortgage repayable in monthly payments of \$1,250 including interest at 1.12% per annum, renewal date of February 1, 2020, maturity date of February 1, 2035, secured by Ministerial guarantee, CMHC undertaking to insure and assignment of insurance.	218,652	231,135
CMHC mortgage repayable in monthly payments of \$1,827 including interest at 2.70% per annum, renewal date of November 1, 2023, maturity date of February 1, 2038, secured by Ministerial guarantee, CMHC undertaking to insure and assignment of insurance.	324,905	338,899
CMHC mortgage repayable in monthly payments of \$924 including interest at 1.03% per annum, renewal date of November 1, 2021, maturity date of November 1, 2041, secured by Ministerial guarantee, CMHC undertaking to insure and assignment of insurance.	224,120	232,856
Fox River Camp loan, unsecured, due on demand without interest.	277,819	280,319
RBC term loan repayable in bi-weekly payments of \$529 including interest at 7.24% per annum, maturity date of November 19, 2022, secured by certain equipment with a net book value of \$38,744.	44,888	54,705
	1,361,371	1,464,001

War Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

12. Long-term debt *(Continued from previous page)*

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2020	340,726
2021	64,360
2022	65,879
2023	63,415
2024	54,606
Thereafter	772,385

13. Capital lease obligation

	2019	2018
Repaid during the year.	-	47,115
Obligation under capital lease repayable in monthly payments of \$2,322 including interest at 4.99% per annum, due August 21, 2023, with a 2018 John Deere 524KXDW loader having a net book value of \$217,332 pledged as collateral.	108,739	-
	108,739	47,115

Minimum lease payments related to the obligation under capital lease are as follows:

2020	27,858
2021	27,858
2022	27,858
2023	27,858
2024	13,690
	125,122
Less: imputed interest	<u>16,383</u>
	108,739
Balance of obligation	108,739
Less: current portion	<u>21,625</u>
	87,114

War Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

14. Tangible capital assets

	Cost	Additions	Disposals	Accumulated amortization	2019 Net book value
Land	33,000	-	-	-	33,000
Buildings	4,179,134	-	-	2,955,659	1,223,475
Infrastructure	6,692,603	-	-	1,750,625	4,941,978
Vehicles	393,924	152,352	-	375,067	171,209
Equipment	1,519,149	491,000	-	1,119,855	890,294
CMHC Housing	2,462,708	-	-	599,448	1,863,260
	15,280,518	643,352	-	6,800,654	9,123,216
	Cost	Additions	Disposals	Accumulated amortization	2018 Net book value
Land	33,000	-	-	-	33,000
Buildings	3,794,031	385,104	-	2,193,322	1,985,813
Infrastructure	6,692,603	-	-	1,482,920	5,209,683
Vehicles	329,350	64,570	-	291,254	102,666
Equipment	1,496,250	22,899	-	939,761	579,388
CMHC housing	2,462,711	-	-	1,091,600	1,371,111
Assets under construction	385,104	-	385,104	-	-
	15,193,049	472,573	385,104	5,998,857	9,281,661

Equipment includes a John Deere 524KXDW Loader under capital lease with a gross cost of \$241,480 and accumulated amortization of \$nil.

During the year, the First Nation acquired tangible capital assets with a cost of \$643,352. Included in this total is equipment with a cost of \$241,480 acquired via capital lease.

Prior year additions and disposals include a transfer of capital assets under construction to buildings in the amount of \$385,104.

Amortization expense of \$801,797 (2018 - \$689,988) was recorded in the consolidated statement of operations. Total amortization expense comprises \$170,350 amortization for buildings (2018 - \$151,762), \$267,704 for infrastructure (2018 - \$267,705), \$83,820 for vehicles (2018 - \$27,519), \$180,093 for equipment (2018 - \$131,898), and \$99,830 for CMHC housing (2018 - \$111,104).

15. Prepaid expenses

	2019	2018
Insurance - MPI	15,023	17,527

War Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

16. Accumulated surplus

Accumulated surplus consists of the following:

	2019	2018 (Restated)
Investment in tangible capital assets	7,653,106	7,770,545
Unrestricted accumulated surplus	375,002	55,180
Ottawa Trust Funds	75	73
CMHC replacement reserve	69,371	111,339
	8,097,554	7,937,137

17. Indigenous Services Canada funding

	2019	2018
Indigenous Services Canada confirmation balance	1,577,801	3,796,249
Surplus reimbursements (recoveries)	304	(7,788)
2017-2018 tuition adjustment	-	30,384
Indigenous Services Canada per consolidated financial statements	1,578,105	3,818,845

18. Health Canada funding

	2019	2018
Health Canada confirmation balance	979,948	625,473
Health Canada funding per consolidated financial statements	979,948	625,473

19. Economic dependence

War Lake First Nation receives 43% (2018 - 57%) of its revenue from Indigenous Services Canada ("ISC") and Health Canada as a result of Treaties entered into with the Government of Canada. These Treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

War Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

20. Provision for site rehabilitation

The Manitoba Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive lagoon and landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste lagoon and landfill 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 care 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 consolidated financial statements.

21. Contingent liabilities

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. The First Nation has recognized \$3,308 (2018 - \$7,788) in funding recoveries it expects to be recovered by Indigenous Services Canada ("ISC"). The First Nation has not yet determined to what extent any further funding amounts related to the year ended March 31, 2019 might be recovered.

ISC has confirmed that \$171,698 (2003/2004 Social Services - \$35,845; and 1996 through 2000 In-Home Care - \$135,853) has been recovered. Recoveries occurred net of funding received in the current year.

22. Budget information

The disclosed budget information has been approved by the Chief and Council of the War Lake First Nation.

23. First Nations Financial Transparency and Accountability Act

The First Nation is required by the First Nations Financial Transparency and Accountability Act to post its consolidated financial statements on a website and submit the consolidated financial statements to Indigenous Services Canada by July 31, 2019. As the audit report date is dated after this date, the First Nation is not in compliance with this requirement. The possible effect of this non-compliance has not yet been determined.

24. Correction of an error

During the year, the First Nation determined that it did not control investments in First Nation business partnerships accounted for using the modified equity method, and that they should be accounted for as portfolio investments using the cost method. For the year ending March 31, 2018, the retroactive application of this correction of an error resulted in an increase in portfolio investments of \$60,060, a decrease in investments in First Nation business partnerships of \$272,389, a decrease in revenue of \$124,239 and a decrease in accumulated surplus, beginning of year of \$88,090.

25. Comparative figures

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

War Lake First Nation
Schedule 1 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2019

	2019 Budget	2019	2018 (Restated)
Consolidated expenses by object			
Amortization	493,694	801,797	689,988
Audit fees	45,385	105,161	98,534
Bad debts	-	34,421	84,030
Bank charges and interest	7,918	16,663	15,773
Board travel, training and honouraria	14,611	18,431	10,676
Chief and Council	143,000	143,000	143,000
Commissions	-	4,166	13,022
Community donations	-	5,349	14,032
Community events	133,390	161,971	134,696
Consulting	2,500,000	968,538	877,362
Equipment rental and costs	-	5,491	-
Food and beverage	1,000	1,175	6,850
Fuel	46,123	74,168	21,536
Furniture and equipment	120,000	3,800	4,335
Honouraria	-	28,933	38,084
Insurance	127,512	116,544	137,717
Interest on long-term debt	44,572	26,015	23,822
Meeting	777	501	776
Miscellaneous	-	4,754	4,099
Office equipment lease	10,060	3,477	5,814
Office rent	28,000	12,650	18,000
Office supplies and expenses	35,504	82,317	28,840
Pension	2,388	2,463	2,486
Professional fees	106,086	139,870	126,282
Program education	59,734	69,415	30,081
Program expense	201,003	34,843	81,548
Purchases	88,187	267,599	621,829
Recovery of payables	-	(13,266)	(41,859)
Renovations	2,026	6,404	5,249
Rent	44,494	76,768	32,142
Repairs and maintenance	251,706	185,109	83,192
Residential Rehabilitation Assistance Program	12,700	12,952	17,080
Salaries and benefits	1,180,736	1,004,536	854,745
Social assistance	126,320	146,625	129,374
Special projects	11,017	65,496	(22,928)
Supplies	20,070	33,385	22,697
Telephone	56,305	56,646	74,340
Training	54,585	33,758	96,232
Transportation	25,000	29,229	15,822
Travel	144,568	336,580	244,481
Tuition costs	523,207	692,494	548,684
Utilities	34,274	91,804	79,725
Vehicle	94,112	33,828	35,160
	6,790,064	5,925,860	5,407,348

War Lake First Nation
Schedule 2 - Consolidated Summary Schedule of Segment Revenue and Expenses
For the year ended March 31, 2019

	<i>ISC Revenue</i>	<i>Other Revenue</i>	<i>Deferred Revenue</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Transfers From (To)</i>	<i>2019 Surplus (Deficit)</i>	<i>2018 Surplus (Deficit)</i>
Operations								
First Nations Management	282,767	334,403	-	617,170	1,409,198	(65,730)	(857,758)	(499,355)
Social Services	208,029	-	-	208,029	214,490	-	(6,461)	(10,682)
Economic Development	30,917	(3,096)	-	27,821	27,821	-	-	-
Hydro Development - Keeyask Project	-	75,756	-	75,756	97,881	-	(22,125)	(1,236)
Health Services	-	881,982	(102,841)	779,141	386,392	-	392,749	132
Operating Programs	777,651	1,495,140	-	2,272,791	1,572,556	(73,302)	626,933	129,495
Public Works	78,741	76,603	-	155,344	248,967	61,752	(31,871)	(8,254)
Capital	200,000	-	189,877	389,877	252,082	-	137,795	135,834
War Lake Convenience Store Ltd.	-	344,389	17,576	361,965	429,441	(626)	(68,102)	(236,354)
CMHC Housing Operations	-	128,733	-	128,733	217,382	77,906	(10,743)	(4)
War Lake First Nations Hydro Trust Funds	-	1,069,650	-	1,069,650	1,069,650	-	-	-
Total	1,578,105	4,403,560	104,612	6,086,277	5,925,860	-	160,417	(490,424)

War Lake First Nation
First Nations Management
Schedule 3 - Consolidated Schedule of Segment Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019	2018
Revenue			
Indigenous Services Canada	208,380	282,767	207,972
Other revenue	214,842	334,403	430,687
	423,222	617,170	638,659
Expenses			
Amortization	411,698	677,922	571,989
Audit fees	45,385	71,939	58,283
Bad debts	-	16,330	34,193
Bank charges and interest	7,918	9,243	379
Chief and Council	143,000	143,000	143,000
Community events	115,975	145,816	134,696
Insurance	12,966	4,509	17,952
Interest on long-term debt	10,200	10,892	-
Meeting	777	501	776
Miscellaneous	-	4,754	4,099
Office equipment lease	10,060	3,477	5,814
Office rent	12,000	6,650	12,000
Office supplies and expenses	7,717	11,497	4,281
Professional fees	58,479	75,331	39,268
Program education	7,929	1,300	6,054
Program expense	-	1,566	-
Recovery of payables	-	(13,266)	(41,859)
Repairs and maintenance	2,600	-	-
Salaries and benefits	67,257	61,567	17,967
Special projects	-	53,046	-
Telephone	23,642	23,964	33,262
Training	1,700	-	554
Travel	75,851	92,430	43,096
Utilities	2,153	2,850	4,091
Vehicle	-	3,880	-
	1,017,307	1,409,198	1,089,895
Deficit before transfers	(594,085)	(792,028)	(451,236)
Transfers between programs	121,444	(65,730)	(48,119)
Deficit	(472,641)	(857,758)	(499,355)

War Lake First Nation
Social Services
Schedule 4 - Consolidated Schedule of Segment Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019	2018
Revenue			
Indigenous Services Canada	187,724	208,029	186,577
Expenses			
Bank charges and interest	-	411	416
Community events	2,415	2,415	2,272
Fuel	-	600	-
Office supplies and expenses	240	2,784	225
Professional fees	-	1,992	1,679
Rent	4,200	4,200	4,550
Repairs and maintenance	1,412	2,325	-
Salaries and benefits	45,175	40,312	43,453
Social assistance	126,320	146,625	129,374
Supplies	818	818	-
Telephone	1,500	1,953	1,882
Training	1,783	1,610	4,200
Travel	3,861	8,445	9,208
	187,724	214,490	197,259
Deficit	-	(6,461)	(10,682)

War Lake First Nation
Economic Development
Schedule 5 - Consolidated Schedule of Segment Revenue and Expenses
For the year ended March 31, 2019

	2019 <i>Budget</i>	2019	2018
Revenue			
Indigenous Services Canada	30,917	30,917	30,917
Other	(3,096)	(3,096)	(3,096)
	27,821	27,821	27,821
Expenses			
Salaries and benefits	27,821	27,821	27,821
Surplus	-	-	-

War Lake First Nation
Hydro Development - Keeyask Project
Schedule 6 - Consolidated Schedule of Segment Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019	2018
Revenue			
Manitoba Hydro	99,302	75,756	54,500
Expenses			
Audit fees	-	1,800	-
Office rent	6,000	6,000	6,000
Office supplies and expenses	4,283	3,821	1,420
Salaries and benefits	81,463	77,654	47,542
Telephone	936	1,986	774
Travel	6,620	6,620	-
	99,302	97,881	55,736
Deficit	-	(22,125)	(1,236)

War Lake First Nation
Health Services
Schedule 7 - Consolidated Schedule of Segment Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019	2018
Revenue			
Health Canada	513,065	979,948	625,473
Other	(51,312)	(97,966)	(35,416)
Deferred revenue - prior year	244,200	262,416	-
Deferred revenue - current year	-	(365,257)	(262,416)
	705,953	779,141	327,641
Expenses			
Audit fees	-	6,500	6,500
Board travel, training and honouraria	7,000	7,004	8,166
Commissions	-	-	4,000
Community events	15,000	715	-
Furniture and equipment	120,000	3,800	-
Honouraria	-	-	8,917
Insurance	2,143	2,145	2,143
Office rent	10,000	-	-
Office supplies and expenses	4,864	39,997	2,265
Professional fees	6,437	6,438	9,411
Program education	51,805	68,115	24,027
Program expense	148,893	26,860	47,409
Rent	2,000	3,200	-
Repairs and maintenance	5,000	-	-
Residential Rehabilitation Assistance Program	-	585	4,380
Salaries and benefits	214,225	151,107	143,843
Special projects	11,017	7,478	3,322
Telephone	3,900	3,903	2,883
Training	26,751	8,976	7,474
Travel	24,985	26,830	41,182
Utilities	-	8,520	-
Vehicle	70,542	14,219	11,587
	724,562	386,392	327,509
Surplus (deficit)	(18,609)	392,749	132

War Lake First Nation
Operating Programs
Schedule 8 - Consolidated Schedule of Segment Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019	2018 (Restated)
Revenue			
Indigenous Services Canada	575,397	777,651	621,632
Other revenue	1,305,753	1,251,445	643,387
Government of Canada	63,768	91,342	51,198
Province of Manitoba	169,190	123,102	81,896
Manitoba Hydro	24,000	29,251	86,371
Deferred revenue - prior year	-	-	1,843
	2,138,108	2,272,791	1,486,327
Expenses			
Audit fees	-	2,400	-
Bad debts	-	15,491	10,644
Board travel, training and honouraria	7,611	11,427	2,510
Community donations	-	3,300	-
Equipment rental and costs	-	5,491	-
Food and beverage	1,000	1,175	6,850
Fuel	35,951	61,557	21,352
Insurance	35,514	29,745	26,025
Office supplies and expenses	17,400	5,457	10,779
Pension	2,388	2,463	2,486
Professional fees	17,420	12,185	18,870
Program expense	52,110	6,417	34,139
Renovations	2,026	1,488	3,164
Rent	38,294	63,368	21,592
Repairs and maintenance	149,345	68,413	61,673
Salaries and benefits	641,878	445,765	405,135
Special projects	-	-	(26,250)
Supplies	8,379	7,602	5,448
Telephone	22,824	12,182	17,105
Training	24,351	17,821	84,004
Transportation	25,000	29,229	15,822
Travel	33,251	64,391	41,585
Tuition costs	523,207	692,494	548,684
Utilities	6,000	6,639	-
Vehicle	6,000	6,056	630
	1,649,949	1,572,556	1,312,247
Surplus before transfers	488,159	700,235	174,080
Transfers between programs	(178,366)	(73,302)	(44,585)
Surplus	309,793	626,933	129,495

War Lake First Nation
Public Works
Schedule 9 - Consolidated Schedule of Segment Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019	2018
Revenue			
Indigenous Services Canada	71,747	78,741	71,747
Other revenue	79,528	76,603	27,747
	151,275	155,344	99,494
Expenses			
Fuel	10,172	12,011	184
Insurance	3,791	-	-
Office supplies and expenses	1,000	9,894	1,273
Repairs and maintenance	47,691	69,149	17,422
Salaries and benefits	102,917	84,361	74,180
Supplies	10,873	23,601	17,002
Telephone	3,503	885	3,867
Training	-	1,635	-
Utilities	22,447	37,758	37,676
Vehicle	17,570	9,673	15,943
	219,964	248,967	167,547
Deficit before transfers	(68,689)	(93,623)	(68,053)
Transfers between programs	-	61,752	59,799
Deficit	(68,689)	(31,871)	(8,254)

War Lake First Nation
Capital
Schedule 10 - Consolidated Schedule of Segment Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019	2018
Revenue			
Indigenous Services Canada	100,352	200,000	2,700,000
Deferred revenue - prior year	2,500,000	2,500,000	-
Deferred revenue - current year	-	(2,310,123)	(2,500,000)
	2,600,352	389,877	200,000
Expenses			
Consulting	2,500,000	189,877	-
Insurance	43,933	45,051	49,856
Interest on long-term debt	7,100	-	7,310
Purchases	88,187	-	-
Repairs and maintenance	12,165	12,182	-
Special projects	-	4,972	-
Vehicle	-	-	7,000
	2,651,385	252,082	64,166
Surplus (deficit)	(51,033)	137,795	135,834

War Lake First Nation
CMHC Housing Operations
Schedule 11 - Consolidated Schedule of Segment Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019	2018
Revenue			
Canada Mortgage and Housing Corporation	87,780	82,648	85,635
Rental income	67,428	46,085	31,523
	155,208	128,733	117,158
Expenses			
Amortization	81,996	99,830	93,049
Audit fees	-	-	11,550
Insurance	29,165	28,980	35,052
Interest on long-term debt	27,272	15,123	16,512
Professional fees	23,750	26,600	25,325
Repairs and maintenance	33,493	32,464	3,752
Residential Rehabilitation Assistance Program	12,700	12,367	12,700
Utilities	3,674	2,018	-
	212,050	217,382	197,940
Deficit before transfers	(56,842)	(88,649)	(80,782)
Transfers between programs	56,842	77,906	80,778
Deficit	-	(10,743)	(4)

War Lake First Nation
War Lake First Nations Hydro Trust Funds
Schedule 12 - Consolidated Schedule of Segment Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019	2018
Revenue			
Other			
Contribution from Joint Venture Profits	-	778,661	877,362
War Lake First Nation Hydro	-	290,989	252,436
Deferred revenue - prior year	-	-	26,439
	-	1,069,650	1,156,237
Expenses			
Audit fees	-	5,000	5,000
Bad debts	-	-	31,668
Bank charges and interest	-	1,589	1,567
Consulting	-	778,661	877,362
Furniture and equipment	-	-	4,335
Honouraria	-	28,933	29,167
Office supplies and expenses	-	4,149	2,700
Rent	-	6,000	6,000
Salaries and benefits	-	76,790	49,500
Telephone	-	6,563	11,262
Travel	-	137,864	109,410
Utilities	-	24,101	28,266
	-	1,069,650	1,156,237
Surplus			
	-	-	-

War Lake First Nation
War Lake Convenience Store Ltd.
Schedule 13 - Consolidated Schedule of Segment Revenue and Expenses
For the year ended March 31, 2019

	2019 <i>Budget</i>	2019	2018
Revenue			
Store revenue			
Net sales	-	302,101	507,808
VLT revenue	-	42,288	90,454
Deferred revenue - prior year	-	17,576	41,824
Deferred revenue - current year	-	-	(17,576)
	-	361,965	622,510
Expenses			
Amortization	-	24,045	24,950
Audit fees	-	17,522	17,201
Bad debts	-	2,600	7,525
Bank charges and interest	-	5,420	13,411
Commissions	-	4,166	9,022
Community donations	-	2,049	14,032
Community events	-	13,025	-
Insurance	-	6,114	6,689
Office supplies and expenses	-	4,718	5,898
Professional fees	-	17,324	31,729
Purchases	-	267,599	621,829
Renovations	-	4,916	2,085
Repairs and maintenance	-	576	345
Salaries and benefits	-	39,159	43,031
Supplies	-	1,364	247
Telephone	-	5,210	3,305
Training	-	3,716	-
Utilities	-	9,918	9,692
	-	429,441	810,991
Deficit before transfers	-	(67,476)	(188,481)
Transfers between programs	-	(626)	(47,873)
Deficit	-	(68,102)	(236,354)