

**Mosquito, Grizzly Bear's Head, Lean Man First Nation  
Consolidated Financial Statements  
March 31, 2019**

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Consolidated Financial Statements**  
*March 31, 2019*

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# **Mosquito, Grizzly Bear's Head, Lean Man First Nation**

## **Management's Responsibility for Financial Reporting**

*March 31, 2019*

To the Members of Mosquito, Grizzly Bear's Head, Lean Man First Nation:

The accompanying consolidated financial statements of Mosquito, Grizzly Bear's Head, Lean Man First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and 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 principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

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

Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities and for approving the consolidated financial statements. Chief and Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

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

signature on file

Mosquito, Grizzly Bear's Head,  
Lean Man First Nation

July 29, 2019

\_\_\_\_\_  
Date



## Chalupiak & Associates CPA Professional Corporation

Chartered Professional Accountants  
3261 Saskatchewan Drive  
Regina, Saskatchewan S4T 6S4  
Phone: 306-359-3711 Fax: 306-569-3030

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## Independent Auditors' Report

To the Members of  
**Mosquito, Grizzly Bear's Head, Lean Man First Nation**

### ***Opinion***

We have audited the consolidated financial statements of Mosquito, Grizzly Bear's Head, Lean Man 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 financial assets (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, the accompanying 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, its changes in its consolidated net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Restated Comparative Information***

Without modifying our opinion, we draw attention to Note 18 to the consolidated statements, which explains that comparative information for the year ended March 31, 2018 has been restated as it was determined that the reported land claims settlement receivable was not under the control of the First Nation and an adjustment was made to reduce this receivable by \$2,751,134. This amount has now been reported as a contingent receivable as explained in Note 19. Our opinion is not modified in respect of this matter.

### ***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 First Nation's financial reporting process.

## ***Auditors' 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 auditors' 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 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 auditors' 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 auditors' 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 within the Group 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.
- ◆ 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.

**Regina, Saskatchewan**  
**July 29, 2019**

*Chalupiak & Associates*  
**Chartered Professional Accountants**

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Consolidated Statement of Financial Position**  
*March 31, 2019*

	2019	2018
		Restated
<b>Financial Assets</b>		
Cash (Note 3)	\$ 526,418	\$ -
Restricted cash - capital projects (Note 3)	130,025	130,377
Restricted cash - CMHC reserves (Note 3)	371,647	85,439
Restricted cash - other (Note 3)	2,682,304	52,353
Trust funds held by federal government (Notes 3 and 4)	169,812	84,936
Accounts receivable (Note 5)	182,941	181,762
Portfolio investment (Note 6)	50,000	50,000
Investment in government business enterprises (Note 7)	8,533	-
Due to related parties (Note 8)	11,681	-
	<hr/> 4,133,361	<hr/> 584,867
<b>Liabilities</b>		
Bank indebtedness (Notes 3 and 9)	-	154,929
Accounts payable (Note 10)	984,059	1,015,027
Deferred revenue - unexpended funds (Note 11)	313,053	346,101
Deferred revenue (Note 12)	2,328,650	54,484
Reserves - for investment losses (Note 7)	-	30,169
Current portion of long-term debt (Note 13)	22,501	43,850
Current portion of CMHC mortgages (Note 14)	70,057	102,196
Long-term debt (Note 13)	2,920,753	3,026,632
CMHC mortgages (Note 14)	259,508	330,847
	<hr/> 6,898,581	<hr/> 5,104,235
<b>Net debt</b>	<b>(2,765,220)</b>	<b>(4,519,368)</b>
<b>Non-financial Assets</b>		
Capital assets (Note 15)	17,076,739	18,089,580
Prepaid expenses (Note 16)	39,600	27,600
	<hr/> 17,116,339	<hr/> 18,117,180
<b>Accumulated Surplus</b> (Note 17)	<b>\$ 14,351,119</b>	<b>\$ 13,597,812</b>

Approved on behalf of the Mosquito, Grizzly Bear's Head, Lean Man First Nation:

signature on file, **Chief**

signature on file, **Councilor**

The accompanying notes are an integral part of the financial statements

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Consolidated Statement of Operations**  
*For the year ended March 31, 2019*

	2019 Budget	2019 Actual	2018 Actual Restated
<b>Revenue</b>			
Indigenous Services Canada - grant	\$ 465,486	\$ 465,486	\$ 475,006
Indigenous Services Canada - fixed	3,053,699	3,056,312	2,629,096
Indigenous Services Canada - set	122,187	116,076	156,248
Indigenous Services Canada - flexible	2,332,715	2,521,055	2,081,446
ISC - Grant - settlement claim	-	5,926,479	-
ISC - prior period revenue (recovery)	-	-	(9,978)
ISC - current year receivable (payable)	-	(33,309)	14,215
Health Canada	108,000	159,687	108,500
Funds earned and held in trust by federal government	418,996	503,872	342,720
CMHC	354,313	348,807	84,607
CMHC rental income	117,728	127,709	142,464
First Nations Trust	422,946	422,946	490,909
Battle River Treaty 6 Health Centre Inc.	-	123,443	146,284
BATC Community Development Corporation	72,848	70,625	68,641
Saskatchewan Government	94,106	106,752	107,901
SIIT - Labour Force Development	82,500	61,638	112,488
Equity change in corporations	-	38,702	(18,061)
Other revenue	201,031	597,524	500,867
Administration fees	-	219,198	171,366
Unexpended funds transferred - prior year	-	380,035	432,977
Deferred revenue - prior year	30,443	54,484	1,236,405
Deferred revenue - current year	-	(2,328,650)	(54,484)
	7,876,998	12,938,871	9,219,617
<b>Expenses</b>			
Claims and Indian Government (Schedule 1)	57,800	3,011,646	493,530
Community Development (Schedule 2)	564,140	678,548	664,483
Economic Development (Schedule 3)	-	-	1,854
Education (Schedule 4)	2,492,174	2,596,669	2,219,231
Indian Government Support (Schedule 5)	874,894	932,079	983,169
Land Management (Schedule 6)	124,369	151,089	194,622
Social Development (Schedule 7)	2,010,048	1,979,341	2,015,116
Indian Registration (Schedule 8)	10,344	10,747	10,344
Health (Schedule 9)	108,000	233,273	247,627
CMHC Operations (Schedule 10)	473,015	297,404	182,390
Other Band Programs (Schedule 11)	1,148,240	908,163	979,372
Amortization (Schedule 12)	-	1,073,552	920,240
	7,863,024	11,872,511	8,911,978
<b>Current surplus before unexpended transfers</b>	<b>13,974</b>	<b>1,066,360</b>	<b>307,640</b>

The accompanying notes are an integral part of the financial statements

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Consolidated Statement of Operations**  
*For the year ended March 31, 2019*

	2019 Budget	2019 Actual	2018 Actual
<b>Unexpended transfers</b>			
Unexpended funds transferred to deferred revenue	-	(313,053)	(346,101)
<b>Current surplus (deficit)</b>	<b>\$ 13,974</b>	<b>\$ 753,307</b>	<b>\$ (38,461)</b>

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The accompanying notes are an integral part of the financial statements

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Consolidated Statement of Accumulated Surplus**  
*For the year ended March 31, 2019*

	2019	2018
		Restated
<b>Surplus at beginning of year</b>	\$ 13,597,812	\$ 13,636,273
<b>Current surplus (deficit)</b>	753,307	(38,461)
<b>Surplus at end of year</b>	<u>\$ 14,351,119</u>	<u>\$ 13,597,812</u>

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The accompanying notes are an integral part of the financial statements

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Consolidated Statement of Change in Net Debt**  
*For the year ended March 31, 2019*

	2019 Budget	2019 Actual	2018 Actual Restated
<b>Current surplus (deficit)</b>	\$ 13,974	\$ 753,307	\$ (38,461)
Acquisition of tangible capital assets	-	(60,711)	(1,220,883)
Amortization of tangible capital assets	-	1,073,552	920,240
	-	1,012,841	(300,643)
Acquisition of prepaid asset	(39,600)	(39,600)	(27,600)
Use of prepaid asset	27,600	27,600	35,444
	(12,000)	(12,000)	7,844
Increase (decrease) in net financial assets	1,974	1,754,148	(331,260)
Net debt at beginning of year	(4,519,368)	(4,519,368)	(4,188,108)
<b>Net debt at end of year</b>	<b>\$ (4,517,394)</b>	<b>\$ (2,765,220)</b>	<b>\$ (4,519,368)</b>

The accompanying notes are an integral part of the financial statements

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2019*

	2019	2018 Restated
<b>Cash flows from Operating activities</b>		
Current surplus (deficit)	\$ 753,307	\$ (38,461)
Items not affecting cash		
Amortization	1,073,552	920,240
	1,826,859	881,779
Change in non-cash operating working capital		
Accounts receivable	(1,179)	(11,095)
Prepaid expenses	(12,000)	7,844
Accounts payable	(30,970)	196,100
Deferred revenue - unexpended funds	(33,048)	(86,876)
Deferred revenue	2,274,166	(1,181,921)
Due to related parties	(11,681)	-
	4,012,147	(194,169)
<b>Capital activities</b>		
Acquisition of capital assets	(60,710)	(1,220,882)
<b>Financing activities</b>		
Long-term debt - repayment	(1,511,683)	(72,506)
Long-term debt - proceeds	1,384,455	567,081
CMHC mortgages - repayment	(103,478)	(134,950)
	(230,706)	359,625
<b>Investing activities</b>		
Restricted cash - CMHC	(286,208)	(738)
Restricted cash - Trust funds held by federal government	(84,876)	(52,914)
Restricted cash - other	(2,629,950)	22,418
Reserves - for investment losses	(38,702)	18,061
	(3,039,736)	(13,173)
<b>Increase (decrease) in cash and cash equivalents</b>	680,995	(1,068,599)
<b>Cash and cash equivalents, beginning of year</b>	(24,552)	1,044,047
<b>Cash and cash equivalents, end of year</b>	\$ 656,443	\$ (24,552)

The accompanying notes are an integral part of the financial statements

# **Mosquito, Grizzly Bear's Head, Lean Man First Nation**

## **Notes to Consolidated Financial Statements**

**March 31, 2019**

### **1. General**

Mosquito, Grizzly Bear's Head, Lean Man First Nation is an Indian Band subject to the provisions of the Indian Act. These financial statements include the First Nation government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation. These financial statements do not include the Treaty Land Entitlement (TLE) Trust which is governed and controlled by appointed trustees.

### **2. Basis of presentation and significant accounting policies**

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

#### **(a) Reporting entity**

The Mosquito, Grizzly Bear's Head, Lean Man First Nation reporting entity includes the Mosquito, Grizzly Bear's Head, Lean Man First Nation government and all related entities that are controlled by the First Nation.

#### **(b) 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 statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Mosquito, Grizzly Bear's Head, Lean Man First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Mosquito, Grizzly Bear's Head, Lean Man First Nation.

Organizations accounted for on a modified equity basis include:

Mosquito Daycare Center Inc.

Mosquito Grizzly Bear's Head Lean Man TLE Makah Holding Corp.

The following entities have not yet commenced active business activities and therefore there is no activity to include in these financial statements:

Mosquito Grizzly Bear's Head Lean Man First Nation Economic Development Company LP

Mosquito Grizzly Bear's Head Lean Man First Nation Petroleum Company Ltd.

#### **(c) Asset classification**

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

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Notes to Consolidated Financial Statements**  
*March 31, 2019*

**2. Basis of presentation and significant accounting policies, continued**

**(d) Net debt or net financial assets**

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

**(e) Cash and cash equivalents**

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

**(f) Liability for contaminated sites**

A liability for remediation of a contaminated site is recognized at the best estimate of the amounts 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's settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Notes to Consolidated Financial Statements**  
*March 31, 2019*

**2. Basis of presentation and significant accounting policies, continued**

**(g) 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 overheads 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 Mosquito, Grizzly Bear's Head, Lean Man First Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives. No amortization is recorded in the year of acquisition.

Buildings	20 years Straight line
Automotive equipment	5 years Straight line
Office equipment	3-5 years Straight line
Equipment	5-10 years Straight line
CMHC housing	25 years Straight line
Housing	20 years Straight line
Infrastructure	20-40 years Straight line
Land Improvement	15 years Straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to Mosquito, Grizzly Bear's Head, Lean Man 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.

**(h) 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.

**(i) Use of estimates**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Notes to Consolidated Financial Statements**  
*March 31, 2019*

**2. Basis of presentation and significant accounting policies, continued**

**(j) Segments**

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

For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

**(k) Internal charges and transfers**

The central administration office provides services to other program areas. To recognize the cost of these services a corresponding revenue and expense is recorded and referred to as "Administration fees."

**(l) Revenue recognition**

Revenue is recorded in the period specified in the funding agreements entered into with Government agencies and other organizations. Funds received in advance of making the related expenses are reflected as deferred revenue in the year of receipt and classified as such in the financial statements. Any funding received pursuant to an agreement that does not have a provision for the deferral of unexpended funds is reported as a repayment of revenue.

**(m) Expense recognition**

Expenses are accounted for in the period the goods or services are acquired and a liability is incurred or transfers are due.

**(n) Comparative figures**

Prior year's comparative amounts have been reclassified, where necessary, to conform to the current year's presentation.

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Notes to Consolidated Financial Statements**  
*March 31, 2019*

**3. Cash and cash equivalents**

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Mosquito, Grizzly Bear's Head, Lean Man 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 Replacement and Subsidy Fund.

Cash received to complete capital projects is held in separate bank accounts or guaranteed investment certificates.

Funds held in trust are held by the federal government in trust for the First Nation.

	2019	2018
Unrestricted cash (Bank indebtedness)		
Health operations	\$ (6,696)	\$ (43,815)
CMHC operations	206,586	251
General operations	299,111	(138,639)
Land claims	7,015	7,274
Lawyers' Trust accounts	20,402	20,000
	<hr/> 526,418	<hr/> (154,929)
Restricted cash - capital projects		
Multiplex	32,110	32,475
Water treatment plant	63,180	63,117
Solid waste transfer station	35	-
Band office/health clinic rebuild	34,700	34,785
	<hr/> 130,025	<hr/> 130,377
Restricted cash - CMHC reserves		
Replacement reserve	320,620	34,917
Replacement reserve term deposits	51,027	50,522
	<hr/> 371,647	<hr/> 85,439
Restricted cash - trust funds held by federal government		
Revenue	169,812	84,936
Restricted cash - other		
Lawyers' Trust - Maurice Law - settlement claims	312,149	52,353
Per Capita Distribution	16,734	-
Annuity Accounts	2,353,421	-
	<hr/> 2,682,304	<hr/> 52,353
<b>Total cash and cash equivalents</b>	<b>\$ 3,880,206</b>	<b>\$ 198,176</b>

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Notes to Consolidated Financial Statements**  
*March 31, 2019*

**4. Trust funds held by federal government**

	2019 Revenue	2019 Capital	2019 Total	2018 Total
Surplus, beginning of year	\$ 84,936	\$ -	\$ 84,936	\$ 32,022
Withdrawals	(418,996)	-	(418,996)	(289,806)
Lease revenue	501,160	-	501,160	340,241
<u>Interest earnings</u>	<u>2,712</u>	<u>-</u>	<u>2,712</u>	<u>2,479</u>
 Surplus, end of year	 \$ 169,812	 \$ -	 \$ 169,812	 \$ 84,936

**5. Accounts receivable**

	2019	2018
<b>Due from members</b>		
Advances - band	\$ 13,292	\$ 24,235
Advances - health	9,275	9,275
Advances - social development	4,806	2,792
	<hr/> 27,373	<hr/> 36,302
<b>Due from others</b>		
Centre of Excellence	11,760	-
GST receivable	13,325	27,430
PST receivable	3,835	-
Battleford River Treaty 6 Health Centre Inc.	78,687	78,687
Others	31,420	21,845
	<hr/> 139,027	<hr/> 127,962
<b>Due from government and other government organizations</b>		
Indigenous Services Canada (ISC)	-	25,025
Health Canada	25,664	-
CMHC	5,246	6,842
	<hr/> 30,910	<hr/> 31,867
 Allowance for doubtful accounts	 197,310	 196,131
	<hr/> (14,369)	<hr/> (14,369)
	<hr/> \$ 182,941	<hr/> \$ 181,762

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Notes to Consolidated Financial Statements**  
*March 31, 2019*

**6. Portfolio investments**

	2019	2018
Avord Towers	\$ 50,000	<u>\$ 50,000</u>

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Notes to Consolidated Financial Statements**  
*March 31, 2019*

**7. Investment in government business enterprises**

Commercial enterprises are those organizations that meet the definition of government business enterprises as described by the Public Sector Accounting Board. Government business enterprises have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government.

The financial summary of the activities of the investments is as follows:

	Mosquito, Grizzly Bear's Head, Lean Man TLE	Mosquito Daycare Centre Inc.	Makah Holding Corp	December 31, June 30, 2017	2018	2019 Total	2018 Total
Current assets				\$ 1,519	\$ 2,201	\$ 3,720	\$ 1,519
Tangible capital assets				3,420	-	3,420	3,420
<b>Total assets</b>				<b>\$ 4,939</b>	<b>\$ 2,201</b>	<b>\$ 7,140</b>	<b>\$ 4,939</b>
Current liabilities				\$ 18,078	\$ 11,955	\$ 30,033	\$ 60,234
Due to related parties				-	(31,426)	(31,426)	(25,126)
<b>Total liabilities</b>				<b>18,078</b>	<b>(19,471)</b>	<b>(1,393)</b>	<b>35,108</b>
<b>Equity</b>				<b>(13,139)</b>	<b>21,672</b>	<b>8,533</b>	<b>(30,169)</b>
<b>Total liabilities and equity</b>				<b>\$ 4,939</b>	<b>\$ 2,201</b>	<b>\$ 7,140</b>	<b>\$ 4,939</b>

	Mosquito, Grizzly Bear's Head, Lean Man TLE	Mosquito Daycare Centre Inc.	Makah Holding Corp	December 31, June 30, 2017	2018	2019 Total	2018 Total
Revenue				\$ 90,004	\$ 6,000	\$ 96,004	\$ 94,867
Expenses				103,744	13,433	117,177	112,928
Contributions from the First Nation				-	44,784	44,784	-
<b>Net income</b>				<b>\$ (13,740)</b>	<b>\$ 37,351</b>	<b>\$ 23,611</b>	<b>\$ (18,061)</b>

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Notes to Consolidated Financial Statements**  
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**8. Due from related parties**

Transactions with related parties, if any, are in the normal course of business, and are for fair consideration that is mutually agreed upon by the related parties.

	2019	2018
Mosquito Daycare Centre Inc.	\$ 11,681	\$ -

**9. Bank indebtedness**

The First Nation has an approved overdraft of \$100,000 each on both the general and education accounts held with Innovation Credit Union. The overdraft on the general account bears interest at 5.9% and the overdraft on the education account bears interest at 6.2%; the unauthorized overdraft interest rate on all accounts is 19.80%. On March 31, 2019 the First Nation had issued cheques in excess of deposits totaling \$nil (2018 - \$138,387).

The First Nation also has an approved overdraft of \$50,000 with the Royal Bank of Canada (RBC) bearing interest at prime + 5.0%. On March 31, 2019 the First Nation had issued cheques in excess of deposits totaling \$6,696 (2018 - \$43,815).

**10. Accounts payable**

	2019	2018
<b>Due to others</b>		
Accounts payable - trade	\$ 563,059	\$ 930,920
Accounts payable - trade - CMHC	7,560	7,560
Battleford River Treaty 6 Health Centre Inc.	65,737	65,737
Western Renovations	314,394	-
	<hr/> 950,750	<hr/> 1,004,217
<b>Due to government and other government organizations</b>		
Indigenous Services Canada (ISC)	33,309	10,810
	<hr/> \$ 984,059	<hr/> \$ 1,015,027

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Notes to Consolidated Financial Statements**  
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**11. Deferred revenue - unexpended funds**

Indigenous Services Canada (ISC) funding agreements stipulate the terms and conditions that apply to situations where revenue received exceeds expenditures for programs funded by Fixed Contribution; unexpended funds may be retained by the recipient, repaid to ISC, deferred to the following year, or transferred to another ISC program area. Excess funds that will be spent in the subsequent year are recorded as a liability and classified as "Deferred revenue - unexpended funds" on the financial statements.

	2019	2018
Community Involvement - Capacity Development	\$ 20,000	\$ -
Post Secondary	199,106	331,540
Land Management	-	14,561
Instructional Services	74,882	-
P&ID Capacity Development	6,950	-
Planning & Risk Management	10,874	-
Indian Registry	1,241	-
	<hr/> \$ 313,053	<hr/> \$ 346,101

**12. Deferred revenue**

	March 31, 2018	Funding received, 2019	Revenue recognized, 2019	March 31, 2019
<b>Federal government</b>				
Multiplex	\$ 30,443	\$ 32	\$ (386)	\$ 30,089
Core area drainage project	24,041	-	-	24,041
Treaty Annuity settlement	-	5,926,991	(3,852,471)	2,074,520
Solid waste transfer station	-	200,000	-	200,000
Medical transportation	<hr/> \$ 54,484	<hr/> \$ 6,127,023	<hr/> \$ (3,852,857)	<hr/> \$ 2,328,650

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Notes to Consolidated Financial Statements**  
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**13. Long-term debt**

The band has been approved for a loan of \$600,000 for the Gas Bar Construction by Innovation Credit Union.

There are no amounts advanced as of March 31, 2019.

The terms of the loan are: Term Loan - bearing interest at prime plus 2% during construction; Fixed rates: 5 year - 5.25% upon completion. Monthly interest during construction, Monthly blended payments of approximately \$4,823 commencing no later than 30 days after completion with an amortization of 15 years. Secured by; assignment of settlement funds, assignment of term deposit in the amount of \$600,000 - Assignment will reduce as principle balance reduces, general security agreement and other security as may subsequently be requested by Innovation credit union.

	2019	2018
Royal Bank - Treaty 6 Benefits Specific Claim Term loan - bearing interest at prime plus 0.25%. Interest payments paid quarterly and total principle due on October 30, 2023, secured by a general security agreement, BCR and assignment of settlement trust proceeds. Further security is provided by an insurance policy guaranteeing repayment, should no settlement funds be received. The loan is approved for \$1,867,600 and drawdowns will coincide with settlement expenses incurred.	\$ 470,961	\$ -
Innovation Credit Union - Water Treatment Plant Project Term Loan - bearing interest at 7.45%, quarterly blended payments of \$18,400, maturing April 12, 2018, secured by a general security agreement and BCR.	-	22,584
Innovation Credit Union - Grader Term Loan - bearing interest at 5.70%, monthly blended payments of \$2,073, maturing May 1, 2021, secured by equipment, a general security agreement and BCR.	51,865	72,981
Royal Bank - Annuity Claim Term loan - bearing interest at prime plus 0.50%. Interest payments paid quarterly and total principle due on June 26, 2021, secured by a general security agreement, BCR and assignment of settlement trust proceeds. Further security is provided by an insurance policy guaranteeing repayment, should no settlement funds be received. The loan is approved for \$933,800 and drawdowns will coincide with settlement expenses incurred.	-	847,058

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Notes to Consolidated Financial Statements**  
*March 31, 2019*

**13. Long-term debt, continued**

	2019	2018
Royal Bank - Surrender Claim		
Term loan - bearing interest at prime plus 0.25%. Interest payments paid quarterly and total principle due on August 26, 2021, secured by a general security agreement, BCR and assignment of settlement trust proceeds. Further security is provided by an insurance policy guaranteeing repayment, should no settlement funds be received. The loan is approved for \$2,988,160 and drawdowns will coincide with settlement expenses incurred.	2,420,428	2,127,859
Current portion	2,943,254	3,070,482
	22,501	43,850
	<hr/>	<hr/>
	\$ 2,920,753	\$ 3,026,632
	<hr/>	<hr/>

Principal portion of long-term debt due within the next five years:

2020	\$ 22,501
2021	23,818
2022	2,425,974
2024 and thereafter	470,961
	<hr/>
	\$ 2,943,254
	<hr/>

	2019	2018
Interest expense for the year on long-term debt	\$ 126,631	\$ 99,123
	<hr/>	<hr/>

**14. CMHC mortgages**

	Phase number	Maturity date	Interest rate	Monthly payment	2019	2018
Royal Bank	1	6/1/2019	2.63%	\$ 3,420	\$ 10,227	\$ 50,418
Royal Bank	2	5/1/2018	2.51%	2,633	-	5,276
Royal Bank	3	4/1/2019	2.94%	760	42,990	50,716
Royal Bank	4	1/1/2020	2.89%	1,535	98,010	113,356
Innovation Credit Union	5	10/1/2019	3.14%	1,629	63,242	80,503
Innovation Credit Union	6	2/1/2020	3.24%	1,810	115,096	132,774
					329,565	433,043
Current portion					70,057	102,196
					<hr/>	<hr/>
					\$ 259,508	\$ 330,847
					<hr/>	<hr/>

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Notes to Consolidated Financial Statements**  
*March 31, 2019*

**15. Tangible capital assets**

	Cost	Additions	Accumulated amortization	2019 Net book value
Land	\$ 5,972,150	\$ -	\$ -	\$ 5,972,150
Buildings	9,182,956	-	6,627,878	2,555,077
Automotive equipment	186,225	-	149,455	36,770
Office equipment	63,742	41,392	76,647	28,488
Equipment	379,417	-	254,070	125,347
CMHC housing	3,435,094	-	1,814,635	1,620,459
Housing	3,932,405	-	1,274,291	2,658,114
Infrastructure	8,449,669	-	4,387,366	4,062,303
Land Improvement	-	19,318	1,288	18,030
	<b>\$ 31,601,658</b>	<b>\$ 60,710</b>	<b>\$ 14,585,630</b>	<b>\$ 17,076,738</b>
	Cost	Additions	Accumulated amortization	2018 Net book value
Land	\$ 5,972,150	\$ -	\$ -	\$ 5,972,150
Buildings	9,182,956	-	6,185,587	2,997,368
Automotive equipment	124,941	61,284	137,198	49,027
Office equipment	63,742	-	51,584	12,159
Equipment	311,915	67,502	215,087	164,329
CMHC housing	3,435,094	-	1,581,141	1,853,953
Housing	2,840,308	1,092,097	1,092,141	2,840,264
Infrastructure	8,449,669	-	4,249,340	4,200,329
	<b>\$ 30,380,775</b>	<b>\$ 1,220,883</b>	<b>\$ 13,512,078</b>	<b>\$ 18,089,579</b>

**16. Prepaid expenses**

	2019	2018
<u>Post Secondary - living allowance</u>	\$ 39,600	\$ 27,600

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Notes to Consolidated Financial Statements**  
*March 31, 2019*

**17. Accumulated surplus**

	2019	2018
		Restated
<b>Restricted</b>		
Trust funds held by federal government	\$ 169,812	\$ 84,936
CMHC reserves	615,980	566,780
Capital assets	16,695,309	17,560,972
Investments	8,533	(30,169)
	<hr/>	<hr/>
	17,489,634	18,182,519
<b>Unrestricted</b>		
Operating surplus / deficit	(1,962,607)	(2,751,135)
Settlement claims deficit	(1,175,908)	(1,833,572)
	<hr/>	<hr/>
	(3,138,515)	(4,584,707)
	<hr/>	<hr/>
	\$ 14,351,119	\$ 13,597,812

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Notes to Consolidated Financial Statements**  
*March 31, 2019*

**18. Prior period restatement**

During the year it was determined that the reported land claims settlement receivable was not under the control of the First Nation. An adjustment was made to the prior year amounts to reduce the accounts receivable by \$2,751,134, opening accumulated surplus by \$2,257,604 and land claims future settlement revenue by \$493,530.

	As previously stated in 2018	Adjustments Increase (Decrease)	Restated 2019
<b>Consolidated Statement of Financial Position</b>			
Financial assets			
Accounts receivable	\$ 2,932,896	\$ (2,751,134)	\$ 181,762
Net debt	(1,768,233)	(2,751,135)	(4,519,368)
Accumulated surplus	16,348,947	(2,751,135)	13,597,812
<b>Consolidated Statement of Operations</b>			
Revenue			
Land claims future settlement	493,530	(493,530)	-
Current year surplus (deficit)	455,068	(493,529)	(38,461)
<b>Consolidated Statement of Accumulated surplus</b>			
Accumulated surplus, beginning of the year	15,893,877	(2,257,604)	13,636,273
Accumulated surplus	16,348,945	(2,751,133)	13,597,812
<b>Consolidated Statement of Change in Net Debt</b>			
Net debt at beginning of year	(1,930,504)	(2,257,604)	(4,188,108)
Current year surplus (deficit)	455,068	(493,529)	(38,461)
Net debt at end of year	(1,768,233)	(2,751,135)	(4,519,368)
<b>Consolidated Statement of Cash Flows</b>			
Items not affecting cash			
Accounts receivable	\$ (504,625)	\$ 493,530	\$ (11,095)

**19. Contingent assets**

The First Nation has initiated a claim against Canada referred to as the "surrender claim". The First Nation has obtained a loan to finance the costs of negotiating the settlement. An insurance policy has been obtained to mitigate the risk that the settlement proceeds may be less than the total loan outstanding at such time that the claim is resolved. As at March 31, 2019, the loan amount outstanding is \$2,420,428. The First Nation anticipates that these costs will be paid from settlement proceeds, and when the claim is finalized, or the insurance proceeds paid, the amount will be recognized as revenue.

# **Mosquito, Grizzly Bear's Head, Lean Man First Nation**

## **Notes to Consolidated Financial Statements**

*March 31, 2019*

## 20. Contingent liabilities

Mosquito, Grizzly Bear's Head, Lean Man 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 the agreements.

In addition, in the normal course of its operations, Mosquito, Grizzly Bear's Head, Lean Man 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 recorded on Mosquito, Grizzly Bear's Head, Lean Man First Nation's financial statements. The First Nation is currently not involved in any legal actions that are likely to result in a potential liability and no liabilities have been recorded in these financial statements.

Mosquito, Grizzly Bear's Head, Lean Man First Nation has guaranteed section 10 mortgages for various Band members. If the Band member defaults on their obligations, the Band is responsible for fulfilling the obligations with the lending institution.

## 21. Indigenous Services Canada (ISC) reconciliation

	2019	2018
ISC confirmation	\$ 12,110,433	\$ 5,350,461
Prior period revenue (recovery)		
National Child Benefit	-	(4,856)
Business coaching	-	(5,122)
Prior year payable (receivable)		
Band Employee Benefits	(6,111)	(5,799)
Basic Needs	(18,914)	-
Institutional Care	-	(2,866)
Current year receivable (payable)		
Basic Needs	-	18,914
Band Employee Benefits (statutory)	-	6,111
Assisted Living - (Institutional Care)	(33,309)	(7,891)
Special Needs	-	(790)
Social Assistance Employment & Training	-	(2,129)
	<hr/>	<hr/>
	\$ 12,052,099	\$ 5,346,033

## 22. Trusts under administration

Mosquito, Grizzly Bear's Head, Lean Man First Nation holds assets in trust as a result of a Treaty Land Entitlement Trust; these assets are managed by appointed trustees and are not included on the statement of financial position as assets of Mosquito, Grizzly Bear's Head, Lean Man First Nation.

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Notes to Consolidated Financial Statements**  
*March 31, 2019*

**23. Addition of reserve lands**

The First Nation signed a Treaty Land Entitlement agreement with the Government of Canada that provided \$9,596,792 to purchase "shortfall" acres of 20,096 to be converted to reserve status. In the current year there were no acres converted to reserve status (2018 - 0 acres). The total acres converted are 11,987 and total cost at \$5,972,150.

**24. Government Transfers**

	2019		
	Operating	Capital	Total
<b>Federal government transfers</b>			
Indigenous Services Canada (ISC)	\$ 11,641,422	\$ 410,677	\$ 12,052,099
Health Canada	159,687	-	159,687
Canada Mortgage and Housing Corporation (CMHC)	348,807	-	348,807
<b>Total</b>	<b>12,149,916</b>	<b>410,677</b>	<b>12,560,593</b>
<b>Provincial government transfers</b>	<b>106,752</b>	<b>-</b>	<b>106,752</b>
	<b>\$ 12,256,668</b>	<b>\$ 410,677</b>	<b>\$ 12,667,345</b>

	2018		
	Operating	Capital	Total
<b>Federal government transfers</b>			
Indigenous Services Canada (ISC)	\$ 5,053,959	\$ 292,074	\$ 5,346,033
Health Canada	108,500	-	108,500
Canada Mortgage and Housing Corporation (CMHC)	84,607	-	84,607
<b>Total</b>	<b>5,247,066</b>	<b>292,074</b>	<b>5,539,140</b>
<b>Provincial government transfers</b>	<b>107,901</b>	<b>-</b>	<b>107,901</b>
	<b>\$ 5,354,967</b>	<b>\$ 292,074</b>	<b>\$ 5,647,041</b>

**25. CMHC funding of reserves**

It is a requirement of the CMHC operating agreements that subsidy surplus, operating and replacement reserves be established and monies be set aside in separate bank accounts. On March 31, 2019 the reserve accounts were underfunded by \$244,346 (2018 underfunded - \$482,225). The amount required to be set aside was \$615,978 and the amount in the reserve bank account was \$371,632. (The reserve amount of \$615,978 is not reported separately on these financial statements, but is included in equity).

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Notes to Consolidated Financial Statements**  
*March 31, 2019*

**26. Land claim settlement**

Mosquito, Grizzly Bear's Head, Lean Man First Nation has entered into negotiations with Canada regarding specific claim settlements. Loans have been secured to provide funding for the negotiation costs. There are insurance policies guaranteeing repayment, should no settlement funds be received. There are two loans approved for a total of \$4,855,760 and draw downs will coincide with settlement expenses incurred. As of March 31, 2019 the amount of \$2,891,389 (2018 - \$2,974,917) had been drawn down and is reported as a liability to the lending institution.

**27. Employee benefit obligations**

**Vacation and overtime**

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year. There are no accrued liabilities reported in these statements for either vacation or overtime.

**Post-employment benefits**

Mosquito, Grizzly Bear's Head, Lean Man First Nation does not provide extended health, dental and life insurance benefits to qualifying retirees and their surviving spouses from the date of retirement.

**Pension plan**

Mosquito, Grizzly Bear's Head, Lean Man First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5.0% of their salary. Mosquito, Grizzly Bear's Head, Lean Man First Nation contributes a matching portion which is directed to the member's contribution account. Mosquito, Grizzly Bear's Head, Lean Man First Nation does not have any other obligations with regards to the pension plan as at March 31, 2019.

**28. Economic dependence**

Mosquito, Grizzly Bear's Head, Lean Man First Nation receives a significant portion of its revenue pursuant to a funding agreement with Indigenous Services Canada (ISC).

**29. Budgeted figures**

Budgeted figures are unaudited and have been provided for comparison purposes and have been derived from the estimates approved by the Mosquito, Grizzly Bear's Head, Lean Man First Nation Chief and Council.

**30. Expenses**

	2019 Budget	2019 Actual	2018 Actual
Administration	\$ 144,818	\$ 222,796	\$ 172,834
Amortization	-	1,073,552	920,240
Assistance - band members	804,290	364,136	290,684
Assistance - social development	1,652,886	1,631,868	1,625,069
Bad debts	-	-	3,514
Community based funding activities paid direct	-	105,868	115,816

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Notes to Consolidated Financial Statements**  
*March 31, 2019*

**30. Expenses, continued**

	2019 Budget	2019 Actual	2018 Actual
Consultants and contractors	962,527	903,595	2,013,958
Contribution to Mosquito LP - Store acquisition	-	737,234	-
Cultural programs	30,000	69,274	35,004
Equipment purchases	-	-	83,284
Fuel	12,000	20,791	25,853
Graduation, awards, prizes	-	-	75
Honorariums	289,270	280,453	278,420
Insurance	181,146	447,902	353,869
Interest and bank charges	14,235	71,064	20,156
Interest on specific claim insured loans	-	105,113	91,553
Land lease payments	-	12,000	26,988
Long term debt - payments (principle & interest)	-	1,527,662	80,076
Long term debt - principle repayment	-	(1,521,678)	(72,506)
Mortgages - payments (principle & interest)	109,232	115,133	151,634
Mortgages - principle repayment	-	(103,478)	(134,950)
Administration	-	-	26,609
Child care	8,400	8,400	8,400
Child nutrition	-	-	25,057
Cultural enrichment	-	-	33,678
Training initiatives	116,815	102,336	84,102
Professional fees	218,310	1,316,652	678,083
Per capita distribution	-	693,501	-
Property taxes	25,000	19,893	-
Recreational activities	21,000	17,839	18,546
Registration fees	13,100	23,331	19,231
Rent - equipment	-	-	1,026
Repairs and maintenance	219,460	197,519	104,932
Student allowance	237,000	372,467	353,717
Student incentives	27,290	7,740	7,285
Supplies	255,375	282,485	263,340
Telephone	47,600	47,463	39,079
Training	-	-	2,412
Travel - medical transportation	15,500	29,946	33,125
Travel, meetings, per diems	202,027	430,615	426,886
Tuition	240,956	294,841	191,538
Unexpended funds not recognized prior year	-	33,934	-
Utilities	60,179	112,284	108,168
Wages and benefits	1,954,608	1,878,690	1,626,076
Transfer to capital assets	-	(60,710)	(1,220,883)
	<hr/>	<hr/>	<hr/>
	\$ 7,863,024	\$ 11,872,511	\$ 8,911,978

# **Mosquito, Grizzly Bear's Head, Lean Man First Nation**

## **Notes to Consolidated Financial Statements**

*March 31, 2019*

### **31. Segmented information**

As previously discussed in note 2 (j) the First Nation conducts its business through reportable segments as follows:

#### **1) Indigenous Services Canada (ISC)**

##### **Claims and Indian Government:**

Costs associated with the negotiation, settlement and implementation of specific claims and comprehensive land claim agreements as well as special claims and self-government agreements.

##### **Community Development:**

Costs to acquire, construct, operate and maintain basic community facilities and services such as water and sewage, roads, electrification, schools, community buildings and fire protection. Also costs associated with ensuring that these facilities and community services meet recognized standards and are comparable to the services provided to nearby communities by provincial and municipal governments.

##### **Economic Development:**

Costs associated with economic development planning, proposal development, and planning and implementation of ongoing activities and one-time projects. Also costs to pursue economic objectives in areas such as the employment of community members, the development of community-owned and community member businesses, the development of land and resources under community control, access to economic opportunities on land and resources beyond community control, investment promotion, and research and advocacy.

##### **Education:**

Costs to support First Nation and Inuit communities in expressing, preserving, developing and promoting their cultural heritage, through the establishment and operation of First Nation and Inuit cultural education centres and programs. Costs to provide eligible students living on reserve and eligible Inuit with elementary/secondary education programs and services including instructional services in federal, provincial, band-operated schools, or a private/independent school (recognized by the province in which the school is located as an elementary/secondary institution), and student support services such as transportation, accommodation, guidance and counselling services. Costs associated with ISC's First Nations and Inuit Youth Employment Strategy to develop and enhance essential employability skills, such as communication, problem solving, and working with others, expose youth to a variety of career options, and promote the benefits of education as being key to labor market participation. Also, costs to support eligible First Nation and Inuit students to access education opportunities at the post-secondary level and supports the development and delivery of college and university level courses for First Nation and Inuit students, and research and development on First Nation and Inuit education. Costs for the provision of special education services and programs and costs to provide internet access, information technology equipment, technical support and training to students and school staff.

##### **Indian Government Support:**

Costs to support the further development of competent, stable, legitimate, and accountable community governments by strengthening First Nations and Inuit governance and by funding initiatives which address needs in the areas of professional and institutional development at the local level and at the level of emerging regional and national organizations. Also, costs to enable tribal councils to provide advisory services such as financial management, band government, economic development, community planning, technical services to the member First Nations and to defray the costs of administering programs on behalf of member communities and to provide funding for equivalent advisory services to large First Nations which are not affiliated with a tribal council.

**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Notes to Consolidated Financial Statements**  
*March 31, 2019*

**31. Segmented information, continued**

**Land Management:**

Costs associated to the administration of land transactions on designated and non-designated lands under sections 53 and 60 of the Indian Act.

**Social Development:**

First Nations people, like other Canadian citizens, are responsible for managing their own affairs and maintaining themselves to the extent that their resources permit. Some individuals and families are unable to provide for themselves and their dependents. Situations therefore exist in which assistance must be available to community members in need. Income Assistance is one type of income supplement available to eligible persons. Other income supports include Old Age Security, Child Tax Benefits, etc.

**Indian Registration:**

Costs associated with the maintenance of the Indian Register, a record of everyone who is registered as an Indian under the Indian Act.

**Governance and Institutions of Government:**

Costs associated with Governance and Institution of Government activities.

**2) Health Programs (FNIHB)**

Health Canada provides funding for costs associated with the development of safe and healthy communities in the following areas:

Children and Youth; Mental Health and Addictions; Chronic Disease and Injury Prevention; Communicable Disease Control; Environmental Health and Research Component; Primary Care; Non-Insured Health Benefits; Health Governance and Infrastructure; Capital; Treatment Centres; Aboriginal Health Transition Fund; Headquarter projects.

**3) Canada Mortgage and Housing Corporation (CMHC)**

Non-Profit On-Reserve Housing Program (Section 95); Residential Rehabilitation Assistance Program (RRAP); Home Adaptations for Seniors' Independence Program (HASI); Shelter Enhancement Program; Housing Internship Initiative for First Nations and Inuit Youth

**4) Band programs**

Other programs that vary based on own source revenue. These could include First Nations Trust, Tribal Council, CDC, Band Trust Funds and other business ventures. These outside revenue sources are used to fund programs such as recreational or cultural activities for the benefit of membership that are not funded by government agencies.

**Schedule #1**  
**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Claims and Indian Government**  
**Schedule of Operations**  
*For the year ended March 31, 2019*

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
ISC - Grant - settlement claim	\$ -	\$ 5,926,479	\$ -
Indigenous Services Canada - fixed	57,800	57,800	-
Other revenue	-	512	-
Deferred revenue - current year	-	(2,074,520)	-
	57,800	3,910,271	-
<b>Expenses</b>			
Consultants and contractors	-	-	73,459
Contribution to Mosquito LP - Store acquisition	-	737,234	-
Insurance	-	275,917	160,664
Interest and bank charges	-	7,575	4,038
Interest on specific claim insured loans	-	105,113	91,553
Long term debt - payments (principle & interest)	-	1,479,783	-
Long term debt - principle repayment	-	(1,477,978)	-
Per capita distribution	-	693,501	-
Professional fees	57,800	1,141,675	86,812
Travel and honoraria	-	48,826	77,004
	57,800	3,011,646	493,530
<b>Current surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 898,625</b>	<b>\$ (493,530)</b>

The accompanying notes are an integral part of the financial statements

**Schedule #2**  
**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Community Development**  
**Schedule of Operations**  
*For the year ended March 31, 2019*

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Indigenous Services Canada - fixed	\$ 176,883	\$ 176,911	\$ 176,883
Indigenous Services Canada - flexible	261,820	469,074	269,074
Battle River Treaty 6 Health Centre Inc.	-	1,075	13,968
Other revenue	10,737	20,760	24,505
Deferred revenue - prior year	30,443	54,484	1,146,405
Deferred revenue - current year	-	(254,130)	(54,484)
	<b>479,883</b>	<b>468,174</b>	<b>1,576,351</b>
<b>Expenses</b>			
Assistance - band members	-	1,464	2,304
Consultants and contractors	239,373	271,002	1,221,036
Fuel	-	10,791	11,531
Honorariums	-	277	3,950
Insurance	118,410	110,553	135,012
Interest and bank charges	-	255	75
Long term debt - payments (principle & interest)	-	47,879	80,076
Long term debt - principle repayment	-	(43,700)	(72,506)
Professional fees	-	-	42,462
Registration fees	-	-	1,571
Repairs and maintenance	8,947	44,415	53,945
Supplies	59,000	80,715	116,815
Telephone	5,500	6,727	5,812
Travel, meetings, per diems	500	500	325
Utilities	40,179	68,123	63,086
Wages and benefits	92,231	79,548	122,486
Transfer to capital assets	-	-	(1,123,498)
	<b>564,140</b>	<b>678,549</b>	<b>664,482</b>
<b>Current surplus (deficit) before transfers</b>	<b>(84,257)</b>	<b>(210,375)</b>	<b>911,869</b>
<b>Transfers</b>			
Transfer - Indian Government Support	-	(843)	-
Transfer - Other Band Programs	-	93,000	-
Transfer - Health	-	11,500	11,500
Transfer - Amortization	-	(501,243)	(441,652)
<b>Current surplus (deficit)</b>	<b>\$ (84,257)</b>	<b>\$ (607,961)</b>	<b>\$ 481,717</b>

The accompanying notes are an integral part of the financial statements

**Schedule #3**  
**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Economic Development**  
**Schedule of Operations**  
*For the year ended March 31, 2019*

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
ISC - prior period revenue (recovery)	\$ -	\$ -	\$ (5,122)
<b>Expenses</b>			
Travel, meetings, per diems	- -	- -	1,854
<b>Current deficit</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (6,976)</b>

The accompanying notes are an integral part of the financial statements

**Schedule #4**  
**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Education**  
**Schedule of Operations**  
*For the year ended March 31, 2019*

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Indigenous Services Canada - fixed	\$ 2,492,174	\$ 2,494,573	\$ 2,155,208
Unexpended funds transferred - prior year	-	335,515	379,263
	<b>2,492,174</b>	<b>2,830,088</b>	<b>2,534,471</b>
<b>Expenses</b>			
Administration	138,668	177,745	95,378
Assistance - band members	-	-	600
Consultants and contractors	353,377	330,801	364,134
Fuel	-	-	439
Graduation, awards, prizes	-	-	75
Honorariums	12,000	12,150	6,550
Insurance	2,500	2,109	155
Interest and bank charges	360	35	45
Professional fees	-	-	55
Recreational activities	16,000	7,319	8,938
Registration fees	2,300	8,396	4,851
Rent - equipment	-	-	1,026
Repairs and maintenance	9,168	14,072	4,710
Student allowance	237,000	353,117	327,789
Student incentives	27,290	7,740	7,135
Supplies	130,196	131,174	108,321
Telephone	2,500	7,871	4,046
Training	-	-	300
Travel, meetings, per diems	28,400	26,090	28,291
Tuition	235,956	244,508	150,900
Utilities	20,000	44,161	45,082
Wages and benefits	1,276,459	1,247,933	1,066,797
Transfer to capital assets	-	(18,551)	(6,385)
	<b>2,492,174</b>	<b>2,596,670</b>	<b>2,219,232</b>
<b>Current surplus before unexpended transfers</b>	<b>-</b>	<b>233,418</b>	<b>315,239</b>
<b>Unexpended transfers</b>			
Unexpended funds transferred to deferred revenue	-	(273,988)	(331,540)
<b>Current deficit before transfers</b>	<b>-</b>	<b>(40,570)</b>	<b>(16,301)</b>
<b>Transfers</b>			
Transfer - Amortization	-	(299,102)	(295,392)
<b>Current deficit</b>	<b>\$ -</b>	<b>\$ (339,672)</b>	<b>\$ (311,693)</b>

The accompanying notes are an integral part of the financial statements

**Schedule #5**  
**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Indian Government Support**  
**Schedule of Operations**  
*For the year ended March 31, 2019*

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Indigenous Services Canada - grant	\$ 465,486	\$ 465,486	\$ 475,006
Indigenous Services Canada - fixed	70,594	70,594	34,093
Indigenous Services Canada - set	56,605	50,494	44,383
Indigenous Services Canada - flexible	257,833	257,833	-
ISC - current year receivable (payable)	-	-	6,111
Equity change in corporations	-	38,702	(18,061)
Other revenue	34,860	168,066	102,589
Administration fees	-	219,198	171,365
Unexpended funds transferred - prior year	-	4,351	-
	885,378	1,274,724	815,486
<b>Expenses</b>			
Administration	2,550	2,550	-
Bad debts	-	-	3,514
Consultants and contractors	30,000	31,949	11,431
Honorariums	270,670	242,660	242,070
Interest and bank charges	2,500	47,037	9,681
Professional fees	102,000	128,450	338,062
Registration fees	10,000	6,974	4,301
Supplies	44,000	38,959	13,555
Telephone	37,800	22,714	27,346
Training	-	-	2,112
Travel, meetings, per diems	63,307	137,231	80,053
Wages and benefits	312,067	293,554	252,259
Transfer to capital assets	-	(19,999)	(1,216)
	874,894	932,079	983,168
<b>Current surplus (deficit) before unexpended transfers</b>	<b>10,484</b>	<b>342,645</b>	<b>(167,682)</b>
<b>Unexpended transfers</b>			
Unexpended funds transferred to deferred revenue	-	(37,824)	-
<b>Current surplus (deficit) before transfers</b>	<b>10,484</b>	<b>304,821</b>	<b>(167,682)</b>
<b>Transfers</b>			
Transfer - Community Development	-	843	-
Transfer - Other Band Programs	-	106,751	134,877
Transfer - Amortization	-	(14,596)	(6,629)
<b>Current surplus (deficit)</b>	<b>\$ 10,484</b>	<b>\$ 397,819</b>	<b>\$ (39,434)</b>

The accompanying notes are an integral part of the financial statements

**Schedule #6**  
**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Land Management**  
**Schedule of Operations**  
*For the year ended March 31, 2019*

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Indigenous Services Canada - fixed	\$ 124,369	\$ 124,369	\$ 147,369
Indigenous Services Canada - set	-	-	30,100
Unexpended funds transferred - prior year	-	38,711	53,714
	<b>124,369</b>	<b>163,080</b>	<b>231,183</b>
<b>Expenses</b>			
Administration	-	12,437	18,655
Consultants and contractors	27,000	76,822	15,301
Equipment purchases	-	-	22,000
Land lease payments	-	-	3,000
Professional fees	23,000	-	80,073
Professional fees - feasibility study	-	-	23,000
Registration fees	800	-	-
Repairs and maintenance	-	455	65
Supplies	10,000	11,215	3,754
Telephone	1,800	3,000	1,875
Travel, meetings, per diems	12,438	26,132	15,821
Wages and benefits	49,331	43,189	33,078
Transfer to capital assets	-	(22,160)	(22,000)
	<b>124,369</b>	<b>151,090</b>	<b>194,622</b>
<b>Current surplus before unexpended transfers</b>	<b>-</b>	<b>11,990</b>	<b>36,561</b>
<b>Unexpended transfers</b>			
Unexpended funds transferred to deferred revenue	-	-	(14,561)
<b>Current surplus before transfers</b>	<b>-</b>	<b>11,990</b>	<b>22,000</b>
<b>Transfers</b>			
Transfer - Amortization	-	(6,635)	(4,400)
<b>Current surplus</b>	<b>\$ -</b>	<b>\$ 5,355</b>	<b>\$ 17,600</b>

The accompanying notes are an integral part of the financial statements

**Schedule #7**  
**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Social Development**  
**Schedule of Operations**  
*For the year ended March 31, 2019*

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Indigenous Services Canada - fixed	\$ 121,535	\$ 121,535	\$ 105,199
Indigenous Services Canada - set	65,582	65,582	81,765
Indigenous Services Canada - flexible	1,813,062	1,794,148	1,812,372
ISC - prior period revenue (recovery)	-	-	(4,856)
ISC - current year receivable (payable)	-	(33,309)	8,104
	2,000,179	1,947,956	2,002,584
<b>Expenses</b>			
Assistance - social development	1,652,886	1,631,868	1,625,069
Assistance - band members	-	1,523	-
Consultants and contractors	110,412	73,782	115,748
Interest and bank charges	-	8,752	2,741
Administration	-	-	26,609
Child care	8,400	8,400	8,400
Child nutrition	-	-	25,057
Cultural enrichment	-	-	33,678
Training initiatives	116,815	102,336	84,102
Supplies	6,979	9,033	1,924
Travel, meetings, per diems	5,000	8,226	6,726
Tuition	5,000	34,500	2,727
Wages and benefits	104,556	100,921	88,836
Transfer to capital assets	-	-	(6,500)
	2,010,048	1,979,341	2,015,117
<b>Current deficit before transfers</b>	<b>(9,869)</b>	<b>(31,385)</b>	<b>(12,533)</b>
<b>Transfers</b>			
Transfer - Amortization	-	-	(1,300)
<b>Current deficit</b>	<b>\$ (9,869)</b>	<b>\$ (31,385)</b>	<b>\$ (13,833)</b>

The accompanying notes are an integral part of the financial statements

**Schedule #8**  
**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Indian Registration**  
**Schedule of Operations**  
*For the year ended March 31, 2019*

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Indigenous Services Canada - fixed	\$ 10,344	\$ 10,530	\$ 10,344
Unexpended funds transferred - prior year	- -	1,458	-
	<hr/> 10,344	11,988	10,344
<b>Expenses</b>			
Administration	- -	1,053	-
Consultants and contractors	10,344	9,200	7,666
Registration fees	- -	25	-
Supplies	- -	162	1,053
Travel, meetings, per diems	- -	332	-
Wages and benefits	- -	-	1,600
	<hr/> 10,344	10,747	10,344
<b>Current surplus before unexpended transfers</b>	- -	1,241	-
<b>Unexpended transfers</b>			
Unexpended funds transferred to deferred revenue	- -	(1,241)	-
<b>Current surplus</b>	<hr/> \$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements

**Schedule #9**  
**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Health**  
**Schedule of Operations**  
*For the year ended March 31, 2019*

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Health Canada	\$ 108,000	\$ 122,500	\$ 108,500
Health Canada - prior period revenue (recovery)	- -	37,187	-
Battle River Treaty 6 Health Centre Inc.	- -	122,368	132,316
Deferred revenue - prior year	- -	- 42,500	42,500
	<b>108,000</b>	<b>282,055</b>	<b>283,316</b>
<b>Expenses</b>			
Assistance - band members	- -	- 442	442
Community based funding activities paid direct	- -	105,868	115,816
Consultants and contractors	32,000	32,400	33,147
Equipment purchases	- -	- 41,284	41,284
Fuel	12,000	10,000	13,884
Insurance	3,000	2,086	2,105
Interest and bank charges	3,000	2,038	2,327
Repairs and maintenance	3,000	5,550	3,346
Supplies	4,500	4,966	6,597
Telephone	- -	7,151	-
Travel - medical transportation	15,500	29,946	33,125
Travel, meetings, per diems	3,000	1,939	3,695
Wages and benefits	32,000	31,329	33,143
Transfer to capital assets	- -	(41,284)	(41,284)
	<b>108,000</b>	<b>233,273</b>	<b>247,627</b>
<b>Current surplus before transfers</b>	<b>-</b>	<b>48,782</b>	<b>35,689</b>
<b>Transfers</b>			
Transfer - Community Development	- -	(11,500)	(11,500)
Transfer - Amortization	- -	(14,481)	(24,707)
<b>Current surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 22,801</b>	<b>\$ (518)</b>

The accompanying notes are an integral part of the financial statements

**Schedule #10**  
**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**CMHC Operations**  
**Schedule of Operations**  
*For the year ended March 31, 2019*

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
CMHC - subsidy	\$ 337,963	\$ 336,367	\$ 84,607
CMHC - other	16,350	12,440	-
CMHC rental income	117,728	127,710	142,465
Other revenue	974	1,478	148
	<b>473,015</b>	<b>477,995</b>	<b>227,220</b>
<b>Expenses</b>			
Consultants and contractors	30,721	30,721	27,404
Insurance	57,236	57,236	55,932
Interest and bank charges	8,375	3,218	1,096
Mortgages - payments (principle & interest)	109,232	115,133	151,634
Mortgages - principle repayment	-	(103,478)	(134,950)
Professional fees	10,510	2,950	8,620
Repairs and maintenance	198,345	133,027	42,866
Travel, meetings, per diems	7,282	7,282	1,911
Wages and benefits	51,314	51,315	27,877
	<b>473,015</b>	<b>297,404</b>	<b>182,390</b>
<b>Current surplus before transfers</b>	<b>-</b>	<b>180,591</b>	<b>44,830</b>
<b>Transfers</b>			
Transfer - Amortization	-	(233,494)	(134,950)
<b>Current deficit</b>	<b>\$ -</b>	<b>\$ (52,903)</b>	<b>\$ (90,120)</b>

The accompanying notes are an integral part of the financial statements

**Schedule #11**  
**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Other Band Programs**  
**Schedule of Operations**  
*For the year ended March 31, 2019*

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
ISC trust funds - revenue	\$ 418,996	\$ 503,872	\$ 342,720
First Nations Trust	422,946	422,946	490,909
BATC Community Development Corporation	72,848	70,625	68,641
Saskatchewan Government	94,106	106,752	107,901
SIIT - Labour Force Development	82,500	61,638	112,488
Other revenue	154,460	406,707	373,625
Deferred revenue - prior year	-	-	47,500
	1,245,856	1,572,540	1,543,784
<b>Expenses</b>			
Administration	3,600	29,011	58,801
Assistance - band members	804,290	361,150	287,339
Consultants and contractors	129,300	46,917	144,631
Cultural programs	30,000	69,274	35,004
Equipment purchases	-	-	20,000
Honorariums	6,600	25,366	25,850
Interest and bank charges	-	2,155	149
Land lease payments	-	12,000	23,988
Property taxes	25,000	19,893	-
Professional fees	25,000	43,577	99,000
Recreational activities	5,000	10,520	9,608
Registration fees	-	7,962	8,483
Student allowance	-	19,350	25,928
Student incentives	-	-	150
Supplies	700	6,262	11,326
Travel, meetings, per diems	82,100	174,057	211,203
Tuition	-	15,833	37,911
Unexpended funds not recognized prior year	-	33,934	-
Wages and benefits	36,650	30,901	-
Transfer to capital assets	-	-	(20,000)
	1,148,240	908,162	979,371
<b>Current surplus before transfers</b>	<b>97,616</b>	<b>664,378</b>	<b>564,413</b>
<b>Transfers</b>			
Transfer - Indian Government Support	-	(106,752)	(134,877)
Transfer - Community Development	-	(93,000)	-
Transfer - Amortization	-	(4,000)	(11,210)
<b>Current surplus</b>	<b>\$ 97,616</b>	<b>\$ 460,626</b>	<b>\$ 418,326</b>

The accompanying notes are an integral part of the financial statements

**Schedule #12**  
**Mosquito, Grizzly Bear's Head, Lean Man First Nation**  
**Amortization**  
**Schedule of Operations**  
*For the year ended March 31, 2019*

	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>	\$ -	\$ -	\$ -
<b>Expenses</b>			
Band Based Capital	-	182,151	250,939
Band Support Funding	-	14,596	6,629
CDC Programs	-	-	7,210
CMHC Operations	-	233,494	134,950
Health medical clinic	-	6,224	6,224
Health transportation	-	8,257	18,483
Land Management	-	6,635	4,400
NCB - Cultural enrichment	-	-	1,300
O & M Buildings	-	148,830	20,450
O & M Roads and Bridges	-	32,237	32,237
O & M School	-	297,587	294,346
O & M Water Systems	-	138,026	138,026
Other band programs	-	4,000	4,000
Special Education	-	1,515	1,046
	-	<u>1,073,552</u>	<u>920,240</u>
<b>Current deficit before transfers</b>	-	(1,073,552)	(920,240)
Transfer - Programs	-	1,073,552	920,240
<b>Current surplus</b>	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements