

**Cote First Nation
Consolidated Financial Statements
March 31, 2017**

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Consolidated Financial Statements
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Cote First Nation
Management's Responsibility for Financial Reporting
March 31, 2017

The financial statements have been prepared by management in accordance with the recommendations of the Public Sector Accounting Board (PSAB) and the reporting requirements of the funding agreement with Indigenous and Northern Affairs Canada. Financial statements are not precise since they contain certain amounts based on estimates and judgments. When alternative methods exist, management has chosen what it deems most appropriate, in the circumstances, in order to ensure that the financial statements are presented fairly in all material respects.

Management is also responsible for implementing and maintaining a system of internal controls designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The consolidated financial statements have been reviewed and approved by Chief and Council.

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

Chalupiak & Associates, an independent firm of Chartered Professional Accountants, has been engaged to examine the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their report stating the scope of their examination and opinion on the consolidated financial statements, follows.

Cote First Nation

Date

Chalupiak & Associates
Chartered Professional Accountants
3261 Saskatchewan Drive, Regina, SK S4T 6S4
Phone (306) 359-3711 Fax (306) 569-3030

Independent Auditors' Report

To the Members of
Cote First Nation

We have audited the accompanying consolidated financial statements of Cote First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations, accumulated surplus, change in net debt, cash flows and the related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The investments reported on the consolidated financial statements include the equity of Cote Resources Ltd. (formerly 1684671 Alberta Ltd.) reported on the "modified equity" basis. The December 31, 2016 audited financial statements of Cote Resources Ltd. were qualified and we are unable to confirm the reported equity in the amount of \$4,179,116. Refer to Note #10 for further information.

Qualified opinion

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

Cote First Nation
Consolidated Statement of Financial Position
March 31, 2017

	2017	2016
		Restated
Financial Assets		
Restricted cash - capital projects (Note 3)	\$ 272,570	\$ 143,802
Restricted cash - other (Note 3)	401,871	633,563
Restricted cash - CMHC reserves (Note 3)	11,867	291,687
Restricted cash - lawyer trust fund (Note 3)	81,859	-
Funds held in trust by federal government (Notes 3 and 4)	129,866	53,268
Accounts receivable (Notes 5 and 6)	1,513,136	116,732
Due from related entities (Note 7)	280,255	1,778,157
Equity in related business entities (Notes 8 and 9)	4,306,309	3,338,732
Portfolio investments (Note 12)	206,931	331,558
	<hr/> 7,204,664	<hr/> 6,687,499
Liabilities		
Bank indebtedness (Note 3 and 13)	166,996	334,189
Accounts payable (Notes 14 and 15)	2,344,223	1,424,300
Deferred revenue - unexpended funds (Note 16)	224,641	-
Deferred revenue (Note 17)	1,184,233	1,027,405
Current portion of long-term debt (Note 18)	811,968	959,076
Current portion of CMHC mortgages (Note 19)	336,914	488,478
Long-term debt (Note 18)	5,809,246	5,336,833
CMHC mortgages (Note 19)	4,781,505	5,099,916
	<hr/> 15,659,726	<hr/> 14,670,197
Net debt	(8,455,062)	(7,982,698)
Non-financial Assets		
Capital assets (Note 20)	21,688,888	22,975,727
Accumulated Surplus (Note 21)	<hr/> \$ 13,233,826	<hr/> \$ 14,993,029

Approved on behalf of the Cote First Nation:

Signature on file

Signature on file

The accompanying notes are an integral part of the financial statements

Cote First Nation
Consolidated Statement of Operations
For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Restated
Revenue			
INAC - grant	\$ 434,189	\$ 473,348	\$ 434,189
INAC - fixed	3,646,234	3,781,446	3,176,995
INAC - set	1,656,683	1,815,759	2,032,661
INAC - flexible	375,259	375,259	525,259
INAC - prior period revenue (recovery)	-	-	(26,945)
INAC - current year receivable (payable)	-	3,113	(11,721)
Health Canada	1,194,543	1,298,621	1,013,671
CMHC	-	887,749	688,168
First Nations Trust	1,240,000	1,210,597	1,295,413
Yorkton Tribal Council	340,347	397,149	393,126
Ottawa Trust Funds	740,000	436,598	330,562
Housing rental income	314,160	463,758	361,759
Cote Legacy Trust	-	6,261,996	6,647,483
Sales - Pickeral Point	-	203,011	154,994
Onakawek Trust annual income	-	536,992	453,958
Painted Hand Development Corporation	127,000	170,858	133,582
Gain (loss) on investments in businesses (Note 9)	-	(876,991)	(2,468,375)
Lease revenue - DM Resorts	-	120,000	120,000
Interest income	-	129	729
Other revenue	313,959	443,071	488,711
Other income - future settlement (Note 27)	-	396,028	-
Administration fees (Note 2.1)	1,014,658	118,779	9,289
Unexpended funds transferred - prior year	-	48,996	8,164
Deferred revenue - prior	-	1,027,405	779,805
Deferred revenue - current	-	(1,184,233)	(1,027,405)
	11,397,032	18,409,438	15,514,072
Expenses			
Claims and Indian Government (Schedule 1)	-	3,973,811	3,830,447
Community Development (Schedule 2)	1,872,793	2,082,984	2,198,203
Economic Development (Schedule 3)	139,260	363,416	1,400,639
Education (Schedule 4)	3,007,653	2,834,161	2,654,866
Indian Government Support (Schedule 5)	1,286,232	1,933,812	1,864,093
Lands Management (Schedule 6)	137,148	131,217	178,232
Social Development (Schedule 7)	1,625,617	1,730,582	1,649,545
Indian Registration (Schedule 8)	38,264	41,052	40,129
Governance and Institutions of Governance (Schedule 9)	55,000	55,525	100,572
Health Programs (Schedule 10)	1,125,065	1,377,830	1,058,089
CMHC Housing (Schedule 11)	-	803,058	718,531
Band Programs (Schedule 12)	2,253,937	3,274,850	3,617,413
Amortization (Schedule 13)	-	1,341,706	1,352,206
	11,540,969	19,944,004	20,662,965
Current deficit before unexpended funds	(143,937)	(1,534,566)	(5,148,888)

The accompanying notes are an integral part of the financial statements

Cote First Nation
Consolidated Statement of Operations
For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Restated
Unexpended funds			
Unexpended funds transferred to deferred revenue	-	(224,641)	-
Current deficit	\$ (143,937)	\$ (1,759,207)	\$ (5,148,888)

The accompanying notes are an integral part of the financial statements

Cote First Nation
Consolidated Statement of Accumulated Surplus
For the year ended March 31, 2017

	2017	2016
		Restated
Surplus at beginning of year	\$ 14,993,031	\$ 20,141,919
Current deficit	(1,759,207)	(5,148,888)
Surplus at end of year	\$ 13,233,824	\$ 14,993,031

The accompanying notes are an integral part of the financial statements

Cote First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Restated
Current deficit	\$ (143,937)	\$ (1,759,207)	\$ (5,148,888)
Acquisition of tangible capital assets	-	(54,863)	(314,723)
Amortization of tangible capital assets	-	1,341,706	1,352,206
Amortization of tangible capital assets - disposals	-	(16,100)	(4,822)
Disposal of tangible capital assets	-	16,100	24,109
	-	1,286,843	1,056,770
Decrease in net financial assets	(143,937)	(472,364)	(4,092,118)
Net debt at beginning of year	(7,982,698)	(7,982,698)	(3,890,580)
Net debt at end of year	\$ (8,126,635)	\$ (8,455,062)	\$ (7,982,698)

The accompanying notes are an integral part of the financial statements

Cote First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2017

	2017	2016
Cash flows from Operating activities		
Current deficit	\$ (1,759,207)	\$ (5,148,888)
Items not affecting cash		
Amortization	1,341,706	1,352,206
Loss (gain) on disposal of capital assets	(10,000)	1,998
	(427,501)	(3,794,684)
Change in non-cash operating working capital		
Accounts receivable	(1,396,404)	341,980
Deposit on land	-	100,000
Accounts payable	919,927	388,800
Deferred revenue - unexpended funds	224,641	(8,164)
Deferred revenue	156,828	247,600
Restricted cash - Legacy Trust	231,692	899,922
Equity income in related business entities	(967,577)	2,468,375
Portfolio investments	124,627	-
	(1,133,767)	643,829
Capital activities		
Capital asset purchases	(54,867)	(314,722)
Proceeds from disposal of capital asset	10,000	17,289
	(44,867)	(297,433)
Financing activities		
Repayment of CMHC Mortgages	(469,975)	(492,400)
Long term debt - proceeds	1,196,028	-
Long term debt - repayment	(870,723)	(825,091)
Due from/to related entities	1,497,902	(427,265)
	1,353,232	(1,744,756)
Investing activities		
Restricted cash - CMHC reserves	279,820	756,430
Restricted cash - lawyer trust fund	(81,859)	-
Funds held in trust by federal government	(76,598)	409,438
	121,363	1,165,868
Increase (decrease) in cash and cash equivalents	295,961	(232,492)
Cash and cash equivalents, beginning of year	(190,387)	42,105
Cash and cash equivalents, end of year	\$ 105,574	\$ (190,387)
Represented by		
Cash - unrestricted	\$ (166,996)	\$ (334,189)
Restricted cash - capital projects	272,570	143,802
	\$ 105,574	\$ (190,387)

The accompanying notes are an integral part of the financial statements

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

1. General

Cote First Nation ("the First Nation") is an Indian Band subject to the provisions of the Indian Act. These financial statements include Cote First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. They do not however, include the Onakawek and Legacy Trusts which are governed by a trust agreement. Separate financial statements are prepared for the Onakawek Trust and Legacy Trust. These financial statements only report revenue funds that have flowed from the Trusts to the First Nation.

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.

(a) Reporting entity

The Cote First Nation reporting entity includes the Cote 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 Cote 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 Cote First Nation.

Organizations accounted for on a modified equity basis include:

Cote Resources Ltd. (formerly 1684671 Alberta Ltd.)

Cote Market Development Inc.

Duck Mountain Resorts LP

Duck Mountain Resorts Inc

In the previous year PHC Holdings LP and PHC Holdings Ltd were reported under the modified equity method. It has been determined that these entities no longer meet the criteria of a government business enterprise and in 2017 they have been reported as a portfolio investment.

(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.

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

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, 2017.

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.

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

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 overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Cote 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	25 years Straight line
Equipment	10 years Straight line
Computer equipment	3 years Straight line
Vehicles	5 years Straight line
Infrastructure	40 years Straight line
Band houses	40 years Straight line
CMHC housing	25 years Straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to Cote 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.

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

2. Basis of presentation and significant accounting policies (continued)

(i) Trust funds

Funds earned and held in trust on behalf of First Nation members by the Government of Canada. Trust moneys consist of:

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

Revenues from Trust moneys are recognized when measurable, earned and collection is reasonably assured. These moneys are reported on by the Government of Canada.

(j) 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.

(k) 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.

(l) 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."

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

2. Basis of presentation and significant accounting policies (continued)

(m) Revenue recognition

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

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

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

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

(n) Expense recognition

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

(o) Comparative figures

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

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

3. Cash and cash equivalents

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Cote 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.

	2017	2016
Unrestricted Cash		
Operating accounts	\$ (166,996)	\$ (334,189)
Restricted cash - capital projects		
Project engineer account	272,570	143,802
Restricted cash - CMHC reserves		
Replacement reserves	11,867	291,687
Restricted cash - other		
Legacy Trust - per capita distribution	397,315	332,605
Legacy Trust - BMO - debt service reserve	4,556	300,958
	401,871	633,563
Restricted cash - trust funds held by federal government		
Capital	29,076	29,076
Revenue	100,790	24,192
	129,866	53,268
Restricted cash - lawyer trust fund		
Lawyer trust account	81,859	-
Total cash and cash equivalents	\$ 731,037	\$ 788,131

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

4. Trust funds held by federal government

	2017 Revenue	2017 Capital	2017 Total	2016 Total
Surplus, beginning of year	\$ 24,193	\$ 29,076	\$ 53,269	\$ 462,706
Withdrawals	(360,000)	-	(360,000)	(740,000)
Interest revenue	4,298	-	4,298	3,115
Lease revenue	432,299	-	432,299	327,447
Surplus, end of year	\$ 100,790	\$ 29,076	\$ 129,866	\$ 53,268

5. Accounts receivable

	2017	2016
Due from members	\$ 27,608	\$ 26,400
Due from others		
Yorkton Tribal Council	43,065	15,800
Other receivables	29,518	29,519
Painted Hand CDC	19,026	11,882
CMHC Rent receivable	188,215	-
Surrender Claim	396,029	-
Onakawek Trust	446,715	-
PHC	71,747	-
	1,194,315	57,201
Due from government and other government organizations		
INAC	17,519	22,158
Health Canada	66,425	-
CMHC	37,988	55,484
CRA - GST	1,407	1,407
CMHC Retrofit	225,000	-
	348,339	79,049
	1,570,262	162,650
Allowance for doubtful accounts	(57,126)	(45,918)
Total accounts receivable	\$ 1,513,136	\$ 116,732

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

6. Accounts receivable - INAC

	2017	2016
BEB - statutory	\$ -	\$ 22,158
Basic Needs	8,145	-
Institutional Care	9,374	-
Total	\$ 17,519	\$ 22,158

7. Due from related entities

	2017	2016
Duck Mountain Resorts LP	\$ -	\$ 1,537,902
Cote Market Development Inc.	240,255	240,255
Pi-Kiwek Cote Group Home Inc.	40,000	-
	\$ 280,255	\$ 1,778,157

In the current year the receivable from Duck Mountain Resorts LP has been written off and reclassified as a contribution to Duck Mountain Resorts LP since the partnership has ceased active operations and will be unable to repay this amount. See note 11 for further information.

8. Equity in related business entities

	Investment, beginning of year	Contributions/ Purchases	Undistributed Withdrawals	Investment, end of year
Cote Resources Ltd.	\$ 4,353,945	\$ -	\$ -	\$ (174,829) \$ 4,179,116
Cote Market Dev. Inc.	435,029	-	-	(68,544) 366,485
Duck Mountain Resorts	<u>(1,450,242)</u>	<u>1,791,688</u>	<u>-</u>	<u>(580,738) (239,292)</u>
	\$ 3,338,732	\$ 1,791,688	\$ 1,791,688	\$ (824,111) \$ 4,306,309

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

9. Equity 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.

	2017	2016
	Restated	
Cote Resources Ltd. (formerly 1684671 Alberta Ltd.) (100%)	\$ 4,179,116	\$ 4,353,945
Cote Market Development Inc. (100%)	366,485	435,029
Duck Mountain Resorts Inc. (100%)	(239,292)	(1,450,242)
	<hr/>	<hr/>
	\$ 4,306,309	\$ 3,338,732

	Cote Resources Ltd.	Cote Development Inc.	Duck Mountain Resorts Inc.	2017 Total	2016 Restated
	December 31, 2016	March 31, 2017	December 31, 2016		
Cash	\$ (62)	\$ -	\$ 11,065	\$ 11,003	\$ 85,710
Accounts receivable	61,325	167,389	1,493	230,207	268,457
Inventory	-	110,605	2,000	112,605	160,004
Prepaid	267,262	8,864	-	276,126	274,935
Capital assets	4,097,655	429,402	95,902	4,622,959	4,720,055
Total assets	\$ 4,426,180	\$ 716,260	\$ 110,460	\$ 5,252,900	\$ 5,509,161
Bank indebtedness	\$ -	\$ -	\$ -	\$ -	\$ 29,258
Accounts payable	217,064	109,520	347,220	673,804	405,995
Short-term debt	30,000	-	-	30,000	-
Long-term debt	-	-	2,532	2,532	8,019
Advances from related parties	-	240,255	-	240,255	1,727,157
Total liabilities	247,064	349,775	349,752	946,591	2,170,429
Contributed equity	9,309,705	1,275,169	1,767,658	12,352,532	11,904,941
Equity (deficit)	(5,130,589)	(908,684)	(2,006,950)	(8,046,223)	(8,566,209)
Total equity	4,179,116	366,485	(239,292)	4,306,309	3,338,732
Total liabilities and equity	\$ 4,426,180	\$ 716,260	\$ 110,460	\$ 5,252,900	\$ 5,509,161

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

9. Equity in government business enterprises, continued

	Cote Resources Ltd.	Cote Development Inc.	Duck Mountain Resorts Inc.	2016	2016 Restated
	December 31, 2016	March 31, 2017	December 31, 2016	2017 Total	
Revenue	\$ -	\$ 3,659,713	\$ 507,955	\$ 4,167,668	\$ 4,815,504
Rebates retained	-	168,789	-	168,789	128,490
	-	3,828,502	507,955	4,336,457	4,943,994
Cost of sales	-	3,161,958	281,339	3,443,297	3,638,976
Expenses	293,937	735,088	807,354	1,836,379	2,208,633
Operating costs	-	-	-	-	147,820
Total expenses	293,937	3,897,046	1,088,693	5,279,676	5,995,429
Net income	\$ (293,937)	\$ (68,544)	\$ (580,738)	\$ (943,219)	\$ (1,051,435)

10. Investment in Cote Resources Ltd. (formerly 1684671 Alberta Ltd.)

Cote First Nation's investments include the equity of \$4,179,116 reported on the financial statements of Cote Resources Ltd. (referred to as "CRL") as at December 31, 2016. CRL purchased several assets (oil leases and oil reserves) and entered into an agreement with Quattro Exploration and Production ("Quattro") to act as operator of these assets; Quattro failed to do so resulting in litigation procedures in 2013. On March 19, 2015, Cote First Nation and Quattro signed a settlement agreement. Both parties agreed to transfer and convey their respective interests in certain assets to the other party. In 2014 CRL assembled a management, technical and operations team to operate and capitalize the drilling programs for these assets and are currently negotiating a partnership agreement with another entity to provide capital for the drilling program. Management anticipates that drilling will commence sometime in 2018.

The December 31, 2016 financial statements for CRL were qualified on the basis that the value of the petroleum and natural gas properties had not been confirmed by impendent engineers. The assets held by CRL did not generate any revenue in 2015 or 2016, however management, based on outside appraisals, believes that once drilling commences there will be sufficient revenue to provide a reasonable return on investment.

11. Investment in Duck Mountain Resorts Inc.

Duck Mountain Resorts Inc. ceased active operations during the fiscal year and is in the process of winding up its operations. At the end of the previous fiscal year the First Nation had reported a receivable from Duck Mountain Resorts Inc. in the amount of \$1,537,902. This amount has been transferred to an equity contribution to Duck Mountain Resorts Inc. as the business will not have sufficient assets to repay the loan. In the current year, the First Nation made a further equity contribution in the amount of \$285,124.

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

12. Portfolio investments

The First Nation has a 14.28% investment in PHC Holdings Ltd. and PHC Holdings Limited Partnership which is reported at cost. The December 31, 2016 financial statements reported comprehensive income of \$988,705 and accumulated surplus of \$3,873,940. The First Nation's capital account in PHC Holdings LP as at December 31, 2016 is \$347,596.

13. Bank indebtedness

The First Nation does not have an approved overdraft with Peace Hills Trust;

As at March 31, 2017 the balance in PHT General Revenue account was \$397 (2016 - \$84,527) and there were cheques issued in excess of deposits of \$200,000.

The First Nation does not have an approved overdraft with the TD Bank;

On March 31, 2017 the balance in the health bank account was \$2,805 (2016 - \$18,836) and there were cheques written in excess of deposits of \$5,642.

The First Nation does not have an approved overdraft with the Bank of Montreal

On March 31, 2017 the balance in the general account was overdrawn by \$67,755 (2016 - \$24,391).

The First Nation has other accounts with deposits on hand of \$71,961 (2016 - \$140,422).

14. Accounts payable

	2017	2016
Due to others		
Group insurance	\$ 7,552	\$ 3,349
Pension plan	9,845	1,404
CMHC Rents	52,257	-
General suppliers	2,138,474	1,203,761
Wages and benefits	22,698	24,987
	<hr/> 2,230,826	<hr/> 1,233,501
Due to government and other government organizations		
INAC	14,406	33,879
Health Canada	10,743	10,743
CRA - source deductions	87,428	144,717
CRA - GST	(69)	656
Minister of Finance - PST	889	804
	<hr/> 113,397	<hr/> 190,799
Total accounts payable	<hr/> \$ 2,344,223	<hr/> \$ 1,424,300

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

15. Accounts payable - INAC

	2017	2016
Special Needs	\$ 1,357	\$ 16
Child Tax Benefit (NCB)	8,548	-
Band Employee Benefits	4,501	-
Basic Needs	-	32,290
Home Care	-	1,000
<u>Institutional Care</u>	<u>-</u>	<u>573</u>
	<hr/>	<hr/>
	\$ 14,406	\$ 33,879

16. Deferred revenue - unexpended funds

INAC funding agreements stipulate the terms and conditions that apply to situations where revenue received exceeds expenditures. Depending on the funding arrangement the unexpended funds may be retained by the recipient, repaid to INAC, deferred to the following year, or transferred to another INAC program upon approval from INAC. All excess funds are recorded as a liability and classified as "Deferred revenue - unexpended funds" on the financial statements.

The 2016 INAC review letter indicated unexpended funds of \$48,996 that were not recognized in the 2016 audited financial statements. These amounts have been adjusted for in the current year by recording the unexpended funds in the applicable programs with an offsetting expense in the "Band Programs - Schedule 12". The amounts included in the 2016 column of this note are for information purposes only.

	2017	2016
Instructional Services	\$ 46,315	\$ -
Post Secondary	50,283	24,013
Community Planning Development	84,065	-
School O & M	-	21,508
Comp Ed Support Services	-	9
<u>Special Ed - Low Cost</u>	<u>43,978</u>	<u>3,466</u>
<hr/>	<hr/>	<hr/>
Total	\$ 224,641	\$ 48,996

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

17. Deferred revenue

	March 31, 2016	Funding received, 2017	Revenue recognized, 2017	March 31, 2017
Federal government				
Water recharge	\$ 390,362	\$ -	\$ (10,453)	\$ 379,909
Fire protection - capital	95,395	-	-	95,395
Low pressure water	11,573	-	7,491	19,064
Land Claim	-	56,800	(4,700)	52,100
Subdivision Expansion	89,385	-	-	89,385
	586,715	56,800	(7,662)	635,853
Other				
Per capita payout	440,690	1,361,996	(1,254,306)	548,380
	<u>\$ 1,027,405</u>	<u>\$ 1,418,796</u>	<u>\$ (1,261,968)</u>	<u>\$ 1,184,233</u>

18. Long-term debt

	2017	2016
Royal Bank - 1903 Railway Claim Loan bearing interest at prime plus 0.75%. Interest payments paid quarterly and total principle due on February 24, 2022, 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 \$466,900 and drawdowns will coincide with settlement expenses incurred.	\$ 396,028	\$ -
BMO - Consolidation loan Demand loan - bearing interest at prime plus 2%, monthly principle payments of \$67,664 plus interest, general security agreement secured by Cote Onakawek Trust and lease revenue, no maturity date, secured by BCR.	6,225,186	6,295,909
Current portion	811,968	959,076
	<u>\$ 5,809,246</u>	<u>\$ 5,336,833</u>

Cote First Nation
Notes to Consolidated Financial Statements
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18. Long-term debt, continued

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

2018	\$ 811,968
2019	811,968
2020	811,968
2021	811,968
2022 and thereafter	3,373,342
	<u>\$ 6,621,214</u>

	2017	2016
Interest expense for the year on long-term debt	\$ 262,030	\$ 322,232

19. CMHC mortgages

The mortgages on CMHC Section 95 houses are secured by government guarantees and are repayable with accrued interest as follows:

	Phase number	Renewal date	Interest rate	Monthly payment	2017	2016
CMHC	2	2016-07-01	13.00%	\$ 2,588	\$ -	\$ 10,235
CMHC	3	2016-06-01	14.00%	802	-	2,386
CMHC	4	2017-02-01	21.50%	10,593	-	107,225
PHT	11	2017-02-01	5.14%	1,250	-	13,554
CMHC	12	2019-12-01	1.83%	2,057	174,939	196,264
CMHC	13	2020-08-01	1.08%	1,584	147,225	164,559
CMHC	14	2017-09-01	1.71%	1,437	165,909	180,221
CMHC	15	2019-09-01	1.82%	648	86,498	92,658
CMHC	16	2019-04-01	1.92%	2,084	266,789	286,539
CMHC	17	2017-06-01	1.65%	2,124	238,786	260,193
PHT	18	2018-08-01	2.99%	11,246	1,755,964	1,837,745
CMHC	19	2021-04-01	1.11%	7,472	1,144,121	1,221,553
CMHC	20	2021-04-01	1.11%	7,433	1,138,188	1,215,262
					5,118,419	5,588,394
Current portion					336,914	488,478
					\$ 4,781,505	\$ 5,099,916

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

20. Tangible capital assets

	Cost	Additions	Disposals	Accumulated amortization	Net book value
Land	\$ 2,409,713	\$ -	\$ -	\$ -	\$ 2,409,713
Buildings	9,369,315	-	-	5,697,089	3,672,226
Equipment	2,007,964	45,534	-	1,517,819	535,680
Computer equipment	-	2,485	-	828	1,657
Vehicles	1,292,537	-	16,100	1,179,389	97,048
Infrastructure	9,966,715	6,848	-	1,835,961	8,137,602
Band houses	4,062,955	-	-	3,444,662	618,293
CMHC housing	14,515,678	-	-	8,299,008	6,216,670
Total	\$ 43,624,877	\$ 54,867	\$ 16,100	\$ 21,974,756	\$ 21,688,889

	Cost	Additions	Disposals	Accumulated amortization	Net book value
Land	\$ 2,309,713	\$ 100,000	\$ -	\$ -	\$ 2,409,713
Buildings	9,369,315	-	-	5,337,803	4,031,512
Equipment	1,983,765	24,200	-	1,324,611	683,354
Vehicles	1,244,893	71,753	24,109	1,144,104	148,433
Infrastructure	9,847,946	118,769	-	1,660,679	8,306,036
Band houses	4,062,955	-	-	3,390,913	672,042
CMHC housing	14,515,678	-	-	7,791,040	6,724,638
Total	\$ 43,334,265	\$ 314,722	\$ 24,109	\$ 20,649,150	\$ 22,975,728

21. Accumulated surplus

	2017	2016 Restated
Restricted		
Capital assets	\$ 16,570,469	\$ 17,387,334
CMHC reserves	1,021,933	1,215,065
Funds held in trust by federal government	129,866	53,268
Equity in investments	4,306,309	3,338,732
Unrestricted		
Operating deficit	(8,794,751)	(7,001,370)
	\$ 13,233,826	\$ 14,993,029

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

22. Prior period restatement

The prior year's comparative financial information has been restated to reflect (1) the change in reporting the investment in PHC Holdings LP and PHC Holdings Inc. as portfolio investments rather than investment in government enterprises, and (2) the adjustment to the equity in Cote Resources Ltd. based on the December 31, 2016 audited financial statements.

	As previously stated in 2016	Adjustments Increase (Decrease)	Restated 2016
	Actual		
Consolidated Statement of Financial Position			
Financial assets			
Equity in related business entities	\$ 5,202,355	\$ (1,863,623)	\$ 3,338,732
Portfolio investments	464,401	(132,843)	331,558
Accumulated surplus	16,989,495	(1,996,466)	14,993,029
Consolidated Statement of Operations			
Revenue			
Gain or (loss) on investments in businesses	(401,921)	(2,066,454)	(2,468,375)
Current year surplus (deficit)	(3,082,439)	(2,066,454)	(5,148,893)
Consolidated Statement of Accumulated surplus			
Accumulated surplus	\$ 16,989,492	\$ (1,996,466)	\$ 14,993,026

23. Current year summary of surplus (deficit) by segment

	Revenue	Expenditures	Transfers	Surplus (deficit)
Claims and Indian Government	\$ 6,525,635	\$ 3,973,812	\$ (1,541,000)	\$ 1,010,823
Community Development	1,347,241	2,082,982	(120,035)	(855,776)
Economic Development	(560,011)	363,417	(308,283)	(1,231,711)
Education	2,832,987	2,834,161	-	(1,174)
Indian Government Support	1,530,396	1,933,811	185,000	(218,415)
Lands Management	139,588	131,217	-	8,371
Social Development	1,740,089	1,730,583	-	9,506
Indian Registration	27,676	41,052	3,000	(10,376)
Governance and Institutions of Governance	55,000	55,525	-	(525)
Health Programs	1,335,385	1,377,830	-	(42,445)
CMHC Housing	996,517	803,058	(507,968)	(314,509)
Band Programs	2,214,296	3,274,851	947,580	(112,975)
Amortization	-	1,341,706	1,341,706	-
	\$ 18,184,799	\$ 19,944,005	\$ -	\$ (1,759,206)

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

24. INAC reconciliation

The following is a reconciliation of the funds received from INAC:

	2017	2016
Balance per INAC confirmation	\$ 6,467,970	\$ 6,169,104
Payable (receivable) - previous year		
Band Employee Benefits	(22,158)	-
Band operated school - Direct Services	-	(26,945)
Receivable (payable) - current year		
Band Employee Benefits	(4,501)	22,158
Basic Needs	8,145	(32,290)
Special Needs	(1,357)	(16)
Institutional Care	9,374	(573)
Home Care	-	(1,000)
NCBR	(8,548)	-
Balance per financial statements	\$ 6,448,925	\$ 6,130,438

25. Government Transfers

	2017		
	Operating	Capital	Total
Federal government transfers			
Indigenous and Northern Affairs Canada	\$ 6,073,666	\$ 375,259	\$ 6,448,925
Health Canada	1,284,232	14,389	1,298,621
Canada Mortgage and Housing Corporation	587,749	300,000	887,749
Total	7,945,647	689,648	8,635,295
Provincial government transfers			
	\$ 7,945,647	\$ 689,648	\$ 8,635,295
2016			
	Operating	Capital	Total
Federal government transfers			
Indigenous and Northern Affairs Canada	\$ 5,605,140	\$ 525,298	\$ 6,130,438
Health Canada	1,008,518	5,153	1,013,671
Canada Mortgage and Housing Corporation	688,168	-	688,168
Total	7,301,826	530,451	7,832,277
Provincial government transfers			
	\$ 7,301,826	\$ 530,451	\$ 7,832,277

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

26. CMHC housing restricted funds

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, 2017 the reserve accounts were under-funded by \$1,010,066 (2016 - \$951,162). The amount required to be set aside was \$1,021,933 (2016 - \$1,215,065) and the amount in the reserve bank account was \$11,867 (2016 - \$291,687). (The reserve amount of \$1,021,933 is not reported separately on these financial statements, but is included in equity).

27. 1903 Railway Claim

Cote 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 is one loan approved for a total of \$466,900 and draw downs will coincide with settlement expenses incurred. As of March 31, 2017 the amount of \$396,028 had been drawn down. This amount is reported as a liability to the lending institution and a corresponding amount plus the interest paid to date on the loan has been recorded as a receivable in the amount of \$396,028.

28. Health Canada - Moveable Asset Reserve

Cote First Nation operates under a set agreement and therefore has no moveable asset reserve reporting requirement.

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

29. Trusts under administration

Cote First Nation acts as a trustee for band members, holding assets and administering them on their behalf. These assets held in trust are not included on the statement of financial position as assets of Cote First Nation. Amounts held in investments, cash and receivables in the trusts at the year-end as reported on the December 31st year end audited financial statements are as follows:

	December 31, 2016	December 31, 2015
Cote Legacy Trust	\$131,480,629	\$133,213,194
Cote Onakawek Trust	11,872,592	11,766,665
Total	\$143,353,221	\$ 87,544,869

The net equity (assets minus liabilities) in the trusts are as follows:

Cote Legacy Trust \$77,019,094 (2015 - \$76,220,304)
 Cote Onakawek Trust \$11,347,433 (2015 - \$11,324,565)

The Trusts were established as part of a Settlement Agreement between the Cote First Nation and Canada in connection with the settlement of certain claims arising from the loss of use of lands, which were originally set aside for the benefit of the First Nation under Treaty No. 4. The Trusts were intended as a means of ensuring the long term economic security of the First Nation.

BMO Harris is the appointed Trustee. All entitlement monies to be paid to the trust are administered by the Trustee under the terms and conditions of the Trust Agreement.

30. 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.

Post-employment benefits

Cote First Nation does not provide extended health, dental and life insurance benefits to retirees and their surviving spouses and therefore has no obligations with regards to post employment benefits.

Pension plan

Cote First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 3% of their salary and Cote First Nation contributes a matching portion. Cote First Nation does not have any other obligations with regards to the pension plan as at March 31, 2017.

31. Contractual Obligations

The nature of Cote First Nation's activities can result in some multi-year contracts whereby it will be obligated to make future payments when the goods or services are received.

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

32. Economic dependence

Cote First Nation receives a significant portion of its revenue pursuant to a funding arrangement with Indigenous and Northern Affairs Canada and Health Canada.

33. Subsequent events

There are no subsequent events to report.

34. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

35. Expenses by object

	2017 Budget	2017 Actual	2016 Actual
Administration	\$ 191,022	\$ 202,477	\$ 48,775
Advertising, promotions, sponsorships	8,585	26,045	14,202
Amortization	-	1,341,706	1,352,206
Assistance - basic needs	1,067,963	1,176,998	1,103,109
Assistance - institutional care	95,136	152,626	89,849
Assistance - special needs	108,069	46,784	89,523
Assistance to band members	345,545	343,394	684,650
Bad debts	-	11,208	45,918
Business initiatives	-	150,446	532,716
Capital purchases	-	-	33,564
Charitable expense	34,000	12,573	37,985
Community wellness	228,626	875,616	914,536
Consultants and contractors	595,308	623,335	628,446
Cote Band Store	-	3,075	-
Cultural programs	84,500	58,561	276,449
Economic Development - Businesses	75,000	3,740	335,161
Education	3,800	268	2,098
Equipment purchases	-	5,342	6,183
Fuel	27,600	45,934	66,533
Governance/Policy Development	210,000	1,788	22,289
Graduation, awards, prizes	15,237	33,288	25,261
Honorariums	545,900	524,018	573,000
Insurance	262,412	569,504	413,806
Interest and bank charges	12,750	55,128	63,049
Janitorial services	12,400	44,529	39,809
Land purchase	-	-	100,000
Lease payments	41,000	41,229	53,500
Legacy Trust loan payments - facility #2	-	2,333,506	2,365,609
License fees	15,643	20,763	14,192
Long term debt - interest	-	369,899	499,247
Membership dues	-	-	300
Municipal fire services	52,000	24,963	29,133
National Child Benefit	140,546	131,158	125,706
Other expenses	22,600	47,909	17,452
Per capita distributions	-	1,255,807	1,421,239
Pickeral Point COGS	-	126,219	130,477
Professional fees	129,500	1,096,021	246,527
Program expenses	186,619	202,292	215,601
Property taxes	45,000	21,697	11,581
Recreational activities	183,000	201,775	332,052
Registration fees	6,000	965	80
Rent	11,200	17,376	-
Repairs and maintenance	617,808	1,177,417	1,205,536
Retrofit expenses	-	157,470	-
SIGA	260,950	11,500	10,950

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

35. Expenses by object, continued

	2017 Budget	2017 Actual	2016 Actual
Security	10,890	263	2,036
Senior/Youth programs	50,000	8,493	78,591
Staffing costs	11,200	12,270	11,600
Student allowance	817,985	769,821	920,895
Student tuition	291,000	369,496	282,811
Summer/winter games	-	(281)	45,366
Supplies	431,372	396,074	244,967
Telephone and internet	60,655	52,733	89,488
Training	35,500	72,039	52,997
Transportation	4,400	6,372	630
Travel - medical transportation	74,489	69,869	77,526
Travel, meetings, per diems	409,861	595,005	662,051
Unexpended funds not recognized in prior year	-	48,996	-
Utilities	325,900	355,257	413,561
Wages and benefits	3,381,998	3,696,115	3,914,871
Transfer to capital assets	-	(54,867)	(314,722)
Loss on sale of capital assets	-	-	1,998
	\$ 11,540,969	\$ 19,944,004	\$ 20,662,965

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

36. INAC funding

The First Nation (Recipient) receives funding from Indigenous and Northern Affairs Canada (INAC) by entering into an agreement with INAC.

There are five approaches that INAC may consider in the design and delivery of transfer payment programs:

1. **Grant approach** – A grant is a transfer payment that is subject to pre-established eligibility and other entitlement criteria. Recipients are not required to account for the grant, but they may be required to report on results. The grant funding approach can be used for any duration of time necessary to achieve program results.
2. **Set contribution approach** – A set contribution is a transfer payment that is subject to performance conditions outlined in a funding agreement. Set contributions must be accounted for and are subject to audits. Funds are to be expended as identified in the funding agreement and cannot be redirected to other programs. Any unspent funding and any funding spent on ineligible expenditure must be returned to INAC annually.
3. **Fixed contribution approach** – Fixed contribution funding is an option where annual funding amounts are established on a formula basis or where the total expenditure is based on a fixed-cost approach. Fixed funding is distributed on a program basis. It is possible under this approach for recipients to keep any unspent funding provided that program requirements set out in the funding agreement have been met and the recipient agrees to use the unspent funds for purposes consistent with the program objectives or any other purpose agreed to by INAC. A plan must be submitted and approved by INAC prior to spending the unspent funds. If the funds are not spent according to the plan within the agreed upon time period they will be recovered by INAC.
4. **Flexible contribution approach** – Flexible contribution funding is an option which allows funds to be moved within cost categories of a single program during the life of the project/agreement. However, unspent funds must be returned to INAC at the end of the project, program or agreement.
5. **Block contribution approach** – Block contribution funding is an option which allows funds to be reallocated within the block of programs during the agreement, as long as progress towards program objectives is being achieved. It is possible under this approach for recipients to keep any unspent funding provided that program delivery standards have been met and the recipient agrees to use the unspent funding for purposes consistent with the block program objectives or any other purpose agreed to by INAC.

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

37. Segmented information

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

1) Indigenous and Northern Affairs Canada (INAC)

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 INAC'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.

Cote First Nation
Notes to Consolidated Financial Statements
March 31, 2017

37. 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
Cote First Nation
Claims and Indian Government
Schedule of Operations
For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
INAC - set	\$ -	\$ 27,400	\$ 66,100
Cote Legacy Trust	-	1,361,996	1,545,483
Cote Legacy Trust annual payment	-	3,000,001	3,000,000
Cote Legacy Trust loan proceeds	-	1,900,000	2,102,000
Other income - future settlement (Note 27)	-	396,028	-
Other revenue	-	-	94
Deferred revenue - prior	-	440,690	319,540
Deferred revenue - current	-	(600,480)	(440,690)
	-	6,525,635	6,592,527
Expenses			
Consultants and contractors	-	3,268	-
Insurance	-	152,676	-
Interest and bank charges	-	11,770	3,899
Legacy Trust loan payments - facility #2	-	2,333,506	2,365,609
Legal	-	218,285	36,600
Per capita distributions	-	1,254,307	1,424,239
Wages and benefits	-	-	100
	-	3,973,812	3,830,447
Current surplus before transfers	-	2,551,823	2,762,080
Transfers			
Transfers - Community Development	-	(293,000)	-
Transfers - Indian Registration	-	(3,000)	-
Transfers - Indian Government Support	-	(185,000)	-
Transfers - Economic Development	-	(110,000)	-
Transfers - Band Programs	-	(950,000)	(650,000)
Current surplus	\$ -	\$ 1,010,823	\$ 2,112,080

The accompanying notes are an integral part of the financial statements

Schedule #2
Cote First Nation
Community Development
Schedule of Operations
For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
INAC - fixed	\$ 564,288	\$ 660,438	\$ 544,124
INAC - set	10,000	10,000	26,106
INAC - flexible	375,259	375,259	525,259
CMHC	-	300,000	-
Housing rental income	314,160	55,085	77,225
Other revenue	22,108	6,054	57,698
Unexpended funds transferred - prior year	-	21,508	-
Deferred revenue - prior	-	586,715	451,792
Deferred revenue - current	-	(583,753)	(586,715)
	1,285,815	1,431,306	1,095,489
Expenses			
Administration	13,322	500	-
Consultants and contractors	40,000	106,077	126,883
Fuel	17,800	12,977	13,847
Insurance	190,280	149,899	134,781
Janitorial services	12,400	44,529	39,809
Lease payments	17,000	15,033	17,360
License fees	4,903	3,384	3,406
Repairs and maintenance	571,570	651,998	730,802
Retrofit expenses	-	157,470	-
Repairs and maintenance - CBS	52,000	24,963	29,133
Security	10,650	263	1,796
Supplies	71,106	86,808	47,704
Telephone and internet	9,800	6,183	10,197
Training	2,500	2,150	-
Travel, meetings, per diems	55,003	56,208	78,468
Utilities	168,500	144,640	229,836
Wages and benefits	635,959	626,748	752,951
Transfer to capital assets	-	(6,848)	(18,769)
	1,872,793	2,082,982	2,198,204
Current deficit before unexpended funds	(586,978)	(651,676)	(1,102,715)
Unexpended funds			
Unexpended funds transferred to deferred revenue	-	(84,065)	-
Current deficit before transfers	(586,978)	(735,741)	(1,102,715)

The accompanying notes are an integral part of the financial statements

Schedule #2, continued
Cote First Nation
Community Development
Schedule of Operations
For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Actual
Transfers			
Transfer - Band Programs	-	-	40,000
Transfer - Claims and Indian Government	-	293,000	-
Transfer - Amortization	-	(413,035)	(429,176)
Current deficit	\$ (586,978)	\$ (855,776)	\$ (1,491,891)

The accompanying notes are an integral part of the financial statements

Schedule #3
Cote First Nation
Economic Development
Schedule of Operations
For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Restated
Revenue			
Yorkton Tribal Council	\$ 144,100	\$ 144,100	\$ 144,100
Equity change - Cote Resources Ltd. (Note 9)	- -	(227,709)	(1,997,712)
Equity change - Duck Mountain Resorts Inc. (Note 7 and 9)	- -	(580,738)	(427,443)
Equity change - Cote Markets Ltd. (Note 9)	- -	(68,544)	(43,220)
Lease revenue - Duck Mountain Resorts	- -	120,000	120,000
Other revenue	- -	52,880	179,568
	144,100	(560,011)	(2,024,707)
Expenses			
Administration	14,410	14,410	-
Assistance - general	- -	24,400	55,000
Business initiatives	- -	150,446	532,716
Consultants and contractors	- -	2,500	60,000
Economic Development - Businesses	75,000	3,740	335,161
Fuel	- -	30,426	38,282
Honorariums	3,500	5,200	12,400
Insurance	19,500	16,911	33,325
Interest and bank charges	150	- -	42,427
License fees	- -	3,491	1,657
Capital expenditures	- -	- -	100,000
Pickeral Point COGS	- -	5,859	14,737
Professional fees	12,000	5,500	5,450
Repairs and maintenance	- -	16,313	36,041
Telephone and internet	1,500	- -	1,083
Travel, meetings, per diems	12,000	4,124	37,440
Supplies	1,200	500	- -
Wages and benefits	- -	79,597	190,520
Equipment purchases	- -	- -	4,400
Transfer to capital assets	- -	- -	(100,000)
	139,260	363,417	1,400,639
Current deficit before transfers	4,840	(923,428)	(3,425,346)
Transfers			
Transfer - Other Band Programs	- -	- -	60,000
Transfer - Claims and Indian Government	- -	110,000	- -
Transfer - Amortization	- -	(418,283)	(412,640)
Current deficit	\$ 4,840	\$ (1,231,711)	\$ (3,777,986)

The accompanying notes are an integral part of the financial statements

Schedule #4
Cote First Nation
Education
Schedule of Operations
For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
INAC - fixed	\$ 2,871,007	\$ 2,908,896	\$ 2,429,026
INAC - set	30,119	30,119	178,070
INAC - prior period revenue (recovery)	-	-	(26,945)
Painted Hand Development Corporation	7,000	7,000	-
Other revenue	-	60	-
Administration fees	35,416	-	-
Unexpended funds transferred - prior year	-	27,488	-
	2,943,542	2,973,563	2,580,151
Expenses			
Advertising, promotions, sponsorships	800	1,104	1,917
Assistance - special needs	7,200	4,300	1,812
Assistance to band members	2,400	1,200	1,671
Consultants and contractors	237,722	166,658	160,836
Education	3,800	268	2,098
Fuel	-	922	-
Governance/Policy Development	60,000	1,788	22,289
Graduation, awards, prizes	5,265	17,038	15,061
Honorariums	12,000	13,431	10,400
Interest and bank charges	-	-	620
Other expenses	5,000	19,953	4,476
Program expenses	7,600	28,570	10,928
Registration fees	6,000	965	80
Rent	-	6,000	-
Repairs and maintenance	-	-	550
Student allowance	811,985	739,526	760,067
Student tuition	291,000	369,496	282,811
Supplies	316,614	184,857	109,643
Telephone and internet	1,680	331	1,379
Training	6,000	23,536	9,071
Transportation	4,400	6,372	630
Travel, meetings, per diems	50,091	43,288	117,970
Wages and benefits	1,178,096	1,219,092	1,140,556
Transfer to capital assets	-	(14,534)	-
	3,007,653	2,834,161	2,654,865
Current surplus (deficit) before unexpended funds	(64,111)	139,402	(74,714)
Unexpended funds			
Unexpended funds transferred to deferred revenue	-	(140,576)	-
Current deficit	\$ (64,111)	\$ (1,174)	\$ (74,714)

The accompanying notes are an integral part of the financial statements

Schedule #5
Cote First Nation
Indian Government Support
Schedule of Operations
For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
INAC - grant	\$ 434,189	\$ 473,348	\$ 434,189
INAC - fixed	1,031	2,204	1,125
INAC - set	15,506	39,387	17,229
INAC - current year receivable (payable)	-	(4,501)	22,158
Yorkton Tribal Council	-	44,836	-
Onakawek Trust income	-	536,992	453,958
Interest income	-	129	200
Other revenue	60,000	319,221	52,202
Administration fees	979,242	118,780	9,288
Unexpended funds transferred - prior year	-	-	8,164
	1,489,968	1,530,396	998,513
Expenses			
Administration	-	-	9,289
Consultants and contractors	96,000	112,900	43,455
Equipment purchases	-	5,342	1,783
Honorariums	528,000	503,887	529,750
Insurance	18,500	57,495	9,735
Interest and bank charges	12,000	39,286	11,604
Lease payments	18,000	16,663	29,164
Long term debt - interest	-	262,030	322,232
Membership dues	-	-	300
Other expenses	17,600	10,185	3,161
Professional fees	65,000	73,893	128,411
Rent	-	1,086	-
Supplies	12,000	32,949	28,962
Telephone and internet	36,000	34,952	63,888
Training	-	3,673	6,392
Travel, meetings, per diems	228,000	372,034	261,378
Wages and benefits	255,132	407,436	414,589
	1,286,232	1,933,811	1,864,093
Current deficit before transfers	203,736	(403,415)	(865,580)
Transfers			
Transfer - Claims and Indian Government	-	185,000	-
Current deficit	\$ 203,736	\$ (218,415)	\$ (865,580)

The accompanying notes are an integral part of the financial statements

Schedule #6
Cote First Nation
Lands Management
Schedule of Operations
For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
INAC - fixed	\$ 103,610	\$ 103,610	\$ 103,610
Land lease revenue	36,000	35,978	35,978
	<hr/> 139,610	139,588	139,588
Expenses			
Consultants and contractors	-	-	2,500
Cultural programs	-	600	35,600
Insurance	1,200	484	456
License fees	1,200	-	1,327
Property taxes	45,000	21,697	11,581
Professional fees	-	7,331	-
Repairs and maintenance	4,500	3,190	6,300
Supplies	-	1,997	8,191
Travel, meetings, per diems	6,000	13,829	27,768
Training	-	868	-
Wages and benefits	79,248	81,221	84,509
	<hr/> 137,148	131,217	178,232
Current surplus (deficit)	<hr/> \$ 2,462	\$ 8,371	\$ (38,644)

The accompanying notes are an integral part of the financial statements

Schedule #7
Cote First Nation
Social Development
Schedule of Operations
For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
INAC - fixed	\$ 78,622	\$ 78,622	\$ 71,899
INAC - set	1,546,058	1,653,853	1,681,225
INAC - current year receivable (payable)	-	7,614	(33,879)
Other revenue	-	-	3,093
	1,624,680	1,740,089	1,722,338
Expenses			
Administration	4,231	27,684	-
Assistance - basic needs	1,067,963	1,176,998	1,103,109
Assistance - institutional care	95,136	152,626	89,849
Assistance - special needs	100,869	42,484	87,711
Fuel	-	78	-
National Child Benefit	140,546	131,158	125,706
Program expenses	59,000	60,008	62,500
Repairs and maintenance	1,000	-	-
Supplies	2,568	964	4,073
Telephone and internet	1,200	1,500	1,563
Travel, meetings, per diems	8,717	18,469	25,043
Wages and benefits	144,387	118,614	149,991
	1,625,617	1,730,583	1,649,545
Current surplus	\$ (937)	\$ 9,506	\$ 72,793

The accompanying notes are an integral part of the financial statements

Schedule #8
Cote First Nation
Indian Registration
Schedule of Operations
For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
INAC - fixed	\$ 27,676	\$ 27,676	\$ 27,211
Expenses			
Supplies	-	-	129
Training	-	2,146	-
Travel, meetings, per diems	3,000	4,515	5,035
Wages and benefits	35,264	34,391	34,965
	38,264	41,052	40,129
Current deficit before transfers	(10,588)	(13,376)	(12,918)
Transfers			
Transfers - Claims and Indian Government	-	3,000	-
Current deficit	\$ (10,588)	\$ (10,376)	\$ (12,918)

The accompanying notes are an integral part of the financial statements

Schedule #9
Cote First Nation
Governance and Institutions of Governance
Schedule of Operations
For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
INAC - set	\$ 55,000	\$ 55,000	\$ 63,931
Other revenue	- -	- -	(11,000)
	55,000	55,000	52,931
Expenses			
Consultants and contractors	45,000	45,368	97,389
Training	10,000	10,157	-
Travel, meetings, per diems	- -	- -	3,183
	55,000	55,525	100,572
Current deficit before transfers	- -	(525)	(47,641)
Transfers			
Transfer - Other Band Programs	- -	- -	85,000
Current surplus (deficit)	\$ -	\$ (525)	\$ 37,359

The accompanying notes are an integral part of the financial statements

Schedule #10
Cote First Nation
Health Programs
Schedule of Operations
For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Health Canada	\$ 1,194,543	\$ 1,298,621	\$ 1,026,041
Health Canada - prior period revenue (recovery)	-	-	(1,627)
Health Canada - current year revenue (recovery)	-	-	(10,743)
Yorkton Tribal Council	27,223	27,223	43,899
Other revenue	22,601	9,541	51,127
Deferred revenue - prior	-	-	8,473
	1,244,367	1,335,385	1,117,170
Expenses			
Administration	1,270	60,286	35,971
Advertising, promotions, sponsorships	-	395	-
Community wellness	152,576	152,251	140,466
Consultants and contractors	176,586	186,563	131,633
Cultural programs	-	3,580	-
Honorariums	2,400	1,500	3,050
Insurance	11,000	11,404	10,779
Interest and bank charges	-	2,825	2,789
Lease payments	6,000	9,533	6,976
License fees	1,600	5,335	2,092
Professional fees	-	1,300	5,066
Program expenses	41,019	47,318	43,005
Rent	11,200	9,600	-
Repairs and maintenance	9,038	6,401	10,443
Senior/Youth programs	-	3,993	648
Supplies	24,181	84,172	38,684
Telephone and internet	7,200	6,259	7,552
Training	17,000	28,595	37,534
Travel - medical transportation	71,200	60,394	74,237
Travel, meetings, per diems	42,600	74,326	95,308
Utilities	5,800	7,864	5,746
Vehicles	-	-	33,564
Wages and benefits	544,395	616,421	517,011
Transfer to capital assets	-	(2,485)	(144,464)
	1,125,065	1,377,830	1,058,090
Current surplus (deficit)	\$ 119,302	\$ (42,445)	\$ 59,080

The accompanying notes are an integral part of the financial statements

Schedule #11
Cote First Nation
CMHC Housing
Schedule of Operations
For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Restated
Revenue			
CMHC - subsidy	\$ -	\$ 587,749	\$ 688,168
Housing rental income	-	408,673	284,534
Interest income	-	-	529
Other revenue	-	95	22,915
	<hr/>	<hr/>	<hr/>
	- 996,517	996,146	
Expenses			
Administration	- 87,438	3,515	
Insurance	- 154,968	196,817	
Interest and bank charges	- 430	831	
Long term debt - interest	- 107,869	177,015	
Professional fees	- 15,286	18,500	
Repairs and maintenance	- 437,067	321,853	
	<hr/>	<hr/>	<hr/>
	- 803,058	718,531	
Current surplus before transfers	- 193,459	277,615	
Transfers			
Transfer - Amortization	- (507,968)	(507,970)	
Current deficit	<hr/>	<hr/>	<hr/>
	\$ - \$ (314,509)	\$ (230,355)	

The accompanying notes are an integral part of the financial statements

Schedule #12
Cote First Nation
Band Programs
Schedule of Operations
For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
First Nations Trust	\$ 1,240,000	\$ 1,210,597	\$ 1,295,413
Yorkton Tribal Council	169,024	193,156	192,960
Yorkton Tribal Council-prior yr revenue (recovery)	-	(12,167)	12,167
Ottawa Trust Funds	740,000	436,598	330,562
Sales - Pickeral Point	-	203,011	154,994
Painted Hand Development Corporation	120,000	163,858	133,582
Other revenue	173,250	19,243	97,039
	2,442,274	2,214,296	2,216,717
Expenses			
Administration	157,789	12,159	-
Advertising, promotions, sponsorships	7,785	24,547	12,285
Assistance to band members	343,145	317,794	627,978
Bad debts	-	11,208	45,918
Charitable expense	34,000	12,573	37,985
Community wellness	76,050	723,365	774,070
Consultants and contractors	-	-	5,750
Cote Band Store	-	3,075	-
Cultural programs	84,500	54,381	240,849
Fuel	9,800	1,532	14,405
Governance/Policy Development	150,000	-	-
Graduation, awards, prizes	9,972	16,250	10,200
Honorariums	-	-	17,400
Insurance	21,932	25,667	27,912
Interest and bank charges	600	817	880
License fees	7,940	8,553	5,710
Loss on sale of capital assets	-	-	1,998
Other expenses	-	17,771	9,815
Per capita distributions	-	1,500	(3,000)
Pickeral Point COGS	-	120,360	115,741
Professional fees	52,500	774,426	52,500
Program expenses	79,000	66,397	99,168
Recreational activities	183,000	201,775	332,052
Rent	-	690	-
Repairs and maintenance	31,700	62,448	99,548
SIGA	260,950	11,500	10,950
Security	240	-	240
Senior/Youth programs	50,000	4,500	77,944
Staffing costs	11,200	12,270	11,600
Student allowance	6,000	30,295	160,828
Summer/winter games	-	(281)	45,366
Supplies	3,703	3,826	7,581
Telephone and internet	3,275	3,508	3,827
Training	-	915	-

The accompanying notes are an integral part of the financial statements

Schedule #12, continued
Cote First Nation
Band Programs
Schedule of Operations
For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Actual
Travel - medical transportation	3,289	9,475	3,289
Travel, meetings, per diems	4,450	8,211	10,457
Unexpended funds not recognized in prior year	-	48,996	-
Utilities	151,600	202,754	177,979
Wages and benefits	509,517	512,594	629,675
Transfer to capital assets	-	(31,000)	(51,489)
	<hr/> 2,253,937	<hr/> 3,274,851	<hr/> 3,617,411
Current deficit before transfers	188,337	(1,060,555)	(1,400,694)
Transfers			
Transfer - Community Development	-	-	(40,000)
Transfer - Economic Development	-	-	(60,000)
Transfer - Claims and Indian Government	-	950,000	650,000
Transfer - Governance and Institutions of Governance	-	-	(85,000)
Transfer - Amortization	-	(2,420)	(2,420)
Current deficit	\$ 188,337	\$ (112,975)	\$ (938,114)

The accompanying notes are an integral part of the financial statements

Schedule #13
Cote First Nation
Amortization
Schedule of Operations
For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue	\$ -	\$ -	\$ -
Expenses			
Community buildings	-	359,286	359,286
Capital equipment	-	419,875	415,060
Housing	-	53,749	69,890
CMHC operations (section 95)	-	507,968	507,970
Office Equipments & Computers	-	828	-
	<hr/>	<hr/>	<hr/>
	- 1,341,706	1,341,706	1,352,206
Current deficit before transfers	- (1,341,706)	(1,341,706)	(1,352,206)
Transfers			
Transfer - Programs	- 1,341,706	1,341,706	1,352,206
Current surplus	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements