



**Muskowekwan First Nation  
Consolidated Financial Statements**

*March 31, 2015*

**Muskowekwan First Nation**  
**Contents**  
*For the year ended March 31, 2015*

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## **Management's Responsibility**

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To the Members of Muskowekwan First Nation:

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

MNP LLP, an independent firm of Chartered Accountants, is appointed by Chief and Council to audit the consolidated financial statements and report directly to the Members of Muskowekwan First Nation; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

signed - Elaine Severight      Management

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## Independent Auditors' Report

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To the Members of Muskowekwan First Nation:

We have audited the accompanying consolidated financial statements of Muskowekwan First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows, and 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 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 entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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*

In the prior year, our independent auditors' report included a qualification due to not being able to obtain sufficient appropriate audit evidence about the completeness, accuracy and occurrence of gaming revenues and related cost of sales in the Muskowekwan Gaming Inc. program. Our opinion on the current year's financial statements is also modified because of the possible effects of this matter on the comparability of the current period's figures and the comparative information.

In the prior year, our independent auditors' report also included a qualification due to significant deficiencies in the accounting records of Muskowekwan Gas Bar & Confectionary Ltd. which prevented us from obtaining sufficient appropriate audit evidence related to the First Nation's investment in the government business enterprise. Since opening numbers enter into the determination of the results of operations we were unable to determine whether adjustments to earnings (loss) from government business enterprises and opening accumulated surplus for the current year were necessary. Further, this may affect revenues and expenses disclosed in the summary financial information in Note 7 for Muskowekwan Gas Bar & Confectionary Ltd.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Muskowekwan First Nation as at March 31, 2015, and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Saskatoon, Saskatchewan

July 28, 2015

*MNP LLP*

Chartered Professional Accountants

**Muskowekwan First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2015*

|  | 2015               | 2014        |
|--|--------------------|-------------|
| <b>Financial assets</b>                                |                    |             |
| <b>Current</b>   |                    |             |
| Restricted cash (Note 4)                               | 447,640            | 100,223     |
| Accounts receivable (Note 5)                           | 1,018,971          | 1,736,604   |
| Inventory for resale                                   | 2,264              | 3,231       |
| Due from related parties (Note 6)                      | 36,096             | 36,356      |
| <b>Subtotal of current assets</b>                      | <b>1,504,971</b>   | 1,876,414   |
| <b>Restricted cash (Note 4)</b>                        | <b>1,152,974</b>   | 1,050,718   |
| <b>Term deposits</b>                                   | <b>51,121</b>      | 100,793     |
| <b>Investment in Nation business entities (Note 7)</b> | <b>46,586</b>      | 77,948      |
| <b>Funds held in Ottawa Trust Fund (Note 8)</b>        | <b>360,160</b>     | 290,406     |
| <b>Total financial assets</b>                          | <b>3,115,812</b>   | 3,396,279   |
| <b>Liabilities</b>                                     |                    |             |
| <b>Current</b>   |                    |             |
| Bank indebtedness (Note 9)                             | 289,285            | 294,348     |
| Accounts payable and accruals                          | 1,706,897          | 1,540,526   |
| Deferred revenue                                       | 463,613            | 104,027     |
| Due to related parties (Note 11)                       | 174,888            | 285,827     |
| Current portion of long-term debt (Note 12)            | 646,126            | 1,158,301   |
| <b>Subtotal of current liabilities</b>                 | <b>3,280,809</b>   | 3,383,029   |
| <b>Long-term debt (Note 12)</b>                        | <b>6,905,054</b>   | 7,247,402   |
| <b>Total financial liabilities</b>                     | <b>10,185,863</b>  | 10,630,431  |
| <b>Net debt</b>  | <b>(7,070,051)</b> | (7,234,152) |
| <b>Contingent liabilities (Note 13)</b>                |                    |             |
| <b>Non-financial assets</b>                            |                    |             |
| Tangible capital assets (Note 14)                      | 33,556,010         | 34,785,922  |
| <b>Accumulated surplus (Note 15)</b>                   | <b>26,485,959</b>  | 27,551,770  |

Approved on behalf of Chief and Council

signed - Reginald Bellerose      **Chief**

signed - Holly Geddes      **Councillor**

**Muskowekwan First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2015*

|   | <b>2015<br/>Budget<br/>(Note 20)</b> | <b>2015<br/>Actual</b> | <b>2014<br/>Actual</b> |
|---|--------------------------------------|------------------------|------------------------|
| <b>Revenues</b>   |                                      |                        |                        |
| Aboriginal Affairs and Northern Development Canada (Note 19)      | 4,939,948                            | 5,924,018              | 6,245,397              |
| Muskowekwan Gaming Inc.   | -                                    | 1,317,624              | 1,954,847              |
| Other   | 1,298,618                            | 711,178                | 562,999                |
| Health Canada   | 542,290                              | 678,809                | 541,693                |
| Lease   | 951,269                              | 632,083                | 1,193,129              |
| First Nations Trust   | 750,000                              | 621,886                | 637,042                |
| Rental income   | 826,362                              | 566,511                | 542,083                |
| CMHC  | 1,074,656                            | 430,055                | 449,207                |
| Touchwood Agency Tribal Council                                   | 329,623                              | 358,805                | 355,576                |
| Dakota Dunes Community Development Corporation                    | 66,000                               | 315,764                | 391,968                |
| Interest  | 47,555                               | 51,963                 | 92,607                 |
| Loss from investments in government business enterprises (Note 7) | -                                    | (31,362)               | (679,430)              |
|   | 10,826,321                           | 11,577,334             | 12,287,118             |
| <b>Program expenses</b>   |                                      |                        |                        |
| Band Government   | 908,311                              | 1,386,119              | 1,330,587              |
| Capital   | 651,621                              | 392,673                | 345,386                |
| Community Infrastructure  | 789,342                              | 871,091                | 787,344                |
| Education   | 3,417,021                            | 4,520,277              | 4,466,004              |
| Lands   | 495,089                              | 510,141                | 444,137                |
| Social Development  | 1,421,494                            | 1,580,484              | 1,470,608              |
| Health  | 644,601                              | 757,657                | 717,776                |
| Economic Development  | 60,000                               | 110,999                | 103,170                |
| Housing   | 827,460                              | 1,153,302              | 1,068,886              |
| Muskowekwan Gaming Inc.   | -                                    | 1,479,284              | 2,263,317              |
| <b>Total expenses</b>   | 9,214,939                            | 12,762,027             | 12,997,215             |
| <b>Surplus (deficit) before other income</b>                      | 1,611,382                            | (1,184,693)            | (710,097)              |
| <b>Other income</b>   |                                      |                        |                        |
| Gain on disposal of tangible capital assets                       | -                                    | 118,882                | -                      |
| Gain on discontinued farming operations                           | -                                    | -                      | 114,103                |
|   | -                                    | 118,882                | 114,103                |
| <b>Annual surplus (deficit)</b>                                   | 1,611,382                            | (1,065,811)            | (595,994)              |
| <b>Accumulated surplus, beginning of year</b>                     | 27,551,770                           | 27,551,770             | 29,147,009             |
| <b>Change in other comprehensive income</b>                       | -                                    | -                      | (999,245)              |
| <b>Accumulated surplus, end of year</b>                           | 29,163,152                           | 26,485,959             | 27,551,770             |

**Muskowekwan First Nation**  
**Consolidated Statement of Changes in Net Debt**  
*For the year ended March 31, 2015*

|   | <b>2015<br/>Budget<br/>(Note 20)</b> | <b>2015<br/>Actual</b> | <b>2014<br/>Actual</b> |
|---|--------------------------------------|------------------------|------------------------|
| <b>Annual surplus (deficit)</b>                 | <b>1,611,382</b>                     | <b>(1,065,811)</b>     | <b>(595,994)</b>       |
| Purchases of tangible capital assets            | -                                    | (209,540)              | (297,222)              |
| Amortization of tangible capital assets         | -                                    | 1,409,051              | 1,418,180              |
| Gain on disposal of tangible capital assets     | -                                    | (118,882)              | -                      |
| Proceeds of disposal of tangible capital assets | -                                    | 149,283                | 91,438                 |
|   | -                                    | 1,229,912              | 1,212,396              |
| Use of prepaid expenses                         | -                                    | -                      | 11,413                 |
| Change in other comprehensive income            | -                                    | -                      | (999,245)              |
|   | -                                    | -                      | (987,832)              |
| <b>Change in net debt</b>                       | <b>1,611,382</b>                     | <b>164,101</b>         | <b>(371,430)</b>       |
| <b>Net debt, beginning of year</b>              | <b>(7,234,152)</b>                   | <b>(7,234,152)</b>     | <b>(6,862,722)</b>     |
| <b>Net debt, end of year</b>                    | <b>(5,622,770)</b>                   | <b>(7,070,051)</b>     | <b>(7,234,152)</b>     |

**Muskowekwan First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2015*

|   | <b>2015</b>      | <b>2014</b> |
|---|------------------|-------------|
| <b>Cash provided by (used for) the following activities</b> |                  |             |
| <b>Operating activities</b>                                 |                  |             |
| Annual surplus (deficit)                                    | (1,065,811)      | (595,994)   |
| Non-cash items  |                  |             |
| Amortization  | 1,409,051        | 1,418,180   |
| Gain on disposal of capital assets                          | (118,882)        | -           |
| Loss from investment in Nation business entities            | 31,362           | 679,430     |
| Gain on discontinued farming operations                     | -                | (114,103)   |
|   | <b>255,720</b>   | 1,387,513   |
| Changes in accounts   |                  |             |
| Accounts receivable   | 717,633          | (306,213)   |
| Prepaid expenses  | -                | 11,413      |
| Inventory for resale  | 967              | 38,770      |
| Accounts payable and accruals                               | 166,371          | (537,988)   |
| Deferred revenue  | 359,586          | (22,417)    |
|   | <b>1,500,277</b> | 571,078     |
| <b>Financing activities</b>                                 |                  |             |
| Decrease in due to related parties                          | (121,517)        | (148,226)   |
| Advances of long-term debt                                  | -                | 146,404     |
| Repayment of long-term debt                                 | (854,523)        | (896,020)   |
|   | <b>(976,040)</b> | (897,842)   |
| <b>Capital activities</b>                                   |                  |             |
| Purchases of tangible capital assets                        | (209,540)        | (297,222)   |
| Proceeds of disposal of tangible capital assets             | 149,283          | 91,438      |
|   | <b>(60,257)</b>  | (205,784)   |
| <b>Investing activities</b>                                 |                  |             |
| Decrease (increase) in restricted cash                      | (449,673)        | 22,373      |
| Decrease in term deposits                                   | 49,672           | -           |
| Decrease (increase) in due from related parties             | 10,838           | (361)       |
| Decrease (increase) in funds held in Ottawa Trust Fund      | (69,754)         | 74,341      |
|   | <b>(458,917)</b> | 96,353      |
| <b>Increase (decrease) in cash resources</b>                | <b>5,063</b>     | (436,195)   |
| <b>Cash resources (deficiency), beginning of year</b>       | <b>(294,348)</b> | 141,847     |
| <b>Cash deficiency, end of year</b>                         | <b>(289,285)</b> | (294,348)   |
| <b>Supplementary cash flow information</b>                  |                  |             |
| Interest paid   | 407,392          | 416,666     |

**Muskowekwan First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2015*

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**1. Nature of Operations**

The Muskowekwan First Nation (the "First Nation") is located in the Province of Saskatchewan, and provides various services to its Members. The Muskowekwan First Nation financial reporting entity includes the First Nation's operations and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

**2. Significant accounting policies**

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

***Reporting entity***

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity. The following entities and departments have been consolidated:

- Muskowekwan First Nation;
- Muskowekwan First Nation CMHC Housing;
- Muskowekwan Treaty Land Entitlement - Revenue Account; and
- Muskowekwan Gaming Inc.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

First Nation business entities, owned or controlled by the First Nation, but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include Muskowekwan Resources Ltd. and Muskowekwan Gas Bar & Confectionary Ltd. The Muskowekwan Treaty Land Entitlement Trust - Principal Account and Ledcor Trust - Principal Account are not included in the consolidated financial statements as they are administered and controlled by Trustees.

***Basis of presentation***

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

***Restricted cash***

Restricted cash consists of funds held for specific purposes. Cash held for specific purposes is maintained in separate bank accounts. Amounts restricted are for capital projects, CMHC replacement reserve, CMHC operating reserve and the Treaty Land Entitlement revenue account.

***Funds held in Ottawa Trust Fund***

Funds held in trust on behalf of First Nation Members by the Government of Canada consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible 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 managed and reported on by the Government of Canada.

**Muskowekwan First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2015*

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

***Portfolio investments***

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

***Inventory***

Inventory is valued at the lower of cost and estimated net realizable value.

***Tangible capital assets***

Tangible capital assets are recorded at cost. Contributed tangible assets are recorded at their fair value at the date of contribution.

Land purchased is recorded at the purchase price. The First Nation holds original reserve land. This land is not recognized in the First Nation's financial statements.

***Amortization***

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

|                 | Rate          |
|-----------------|---------------|
| Housing         | 20 - 25 years |
| Buildings       | 25 years      |
| Water and sewer | 25 years      |
| Equipment       | 10 years      |
| Subdivision     | 25 years      |

Land is not amortized. Work in progress is not amortized until assets are put into use.

***Asset classification***

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

***Net debt***

The First Nation's consolidated financial statements are presented so as to highlight net debt as a measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

***Revenue recognition***

***Non-government funding***

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

***Government Transfers***

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

**Muskowekwan First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2015*

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

*Other revenue*

Rental revenue is recognized over the rental term. Other revenues are earned from other services provided by the First Nation and are recognized when the services have been provided. Muskowekwan Gaiming Inc. revenue is recognized when the bingo event has occurred. Interest revenue is recognized on an accrual basis.

*Other comprehensive income*

The First Nation's business entities are required to report under International Financial Reporting Standards (IFRS). Under IFRS, comprehensive income includes all changes in equity of an entity, except those resulting from investments by owners and distributions to owners. Comprehensive income is the total of net income and other comprehensive income. Other comprehensive income comprises revenues, expenses, gains and losses that, in accordance with International Financial Reporting Standards, require recognition, but are excluded from net income. Other comprehensive income represents adjustments to available-for-sale financial assets.

Other comprehensive income is derived in the First Nation's investments in Nation business entities and is recorded as a change in accumulated surplus.

*Liability for contaminated site*

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, 2015.

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 its settle or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. There are no known liabilities at March 31, 2015.

*Use of estimates*

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates/assumptions are reviewed periodically and, as adjustments become necessary, there are reported in the records in the period in which they become known.

*Segments*

The First Nation conducts its business through 12 reportable segments (Note 17). These operating segments are established by senior management to achieve the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

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

**Muskowekwan First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2015*

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

***Related Entities Financial Statements***

Separate financial statements are prepared for the following related entities:

- Muskowekwan First Nation CMHC Housing Authority;
- Muskowekwan Treaty Land Entitlement - Revenue Trust Account;
- Muskowekwan Treaty Land Entitlement - Principal Trust Account;
- Muskowekwan Gaming Inc.;
- Muskowekwan Resources Ltd.; and
- Muskowekwan Gas Bar & Confectionary Ltd.

These entities are owned by the First Nation, except for Muskowekwan Treaty Land Entitlement Trust - Principal Trust Account, which is related by common membership.

The financial results of the Muskowekwan Treaty Land Entitlement - Principal Trust Account and Muskowekwan Ledcor Trust are not included in the financial statements of the Muskowekwan First Nation as the Nation does not control the operations of the Trusts and they are governed by Trust Agreements.

***Other Economic Interests***

The Muskowekwan First Nation is a member of the Touchwood Agency Specific Claim. The Touchwood Agency Specific Claim is an organization of five Nations, whose purpose is to negotiate a specific claim with regards to the Department of Aboriginal Affairs and Northern Development Canada's alleged mismanagement of funds of the Touchwood Agency during the period 1920 to 1924.

The Muskowekwan First Nation is a member of Touchwood Child & Family Services Inc. The Touchwood Child & Family Services Inc. is an organization of six member Nations, whose purpose is to provide Child and Family services to the six member Nations.

The Muskowekwan First Nation is a member of Touchwood Post Secondary Program Inc. The Touchwood Post Secondary Program Inc. is an organization of three member Nations, whose purpose is to provide services to the member Nations.

The Muskowekwan First Nation is a member of Touchwood Agency Tribal Council Inc. The Touchwood Agency Tribal Council Inc. is an organization of four member Nations, whose purpose is to enhance the services provided to the member Nations.

The First Nation does not have a share in the profit or loss of the above entities. As a result, the financial statements of the Touchwood Agency Specific Claim, Touchwood Child & Family Services Inc., Touchwood Post Secondary Program Inc. and Touchwood Agency Tribal Council Inc. have not been consolidated in the financial statements of Muskowekwan First Nation.

The First Nation is a member of several other entities. The First Nation does not share in the profit or loss of these entities. As a result these entities have not been reported in these consolidated financial statements.

***Recent accounting pronouncements***

**Financial instruments**

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. In June 2015, the effective date was deferred to fiscal years beginning on or after April 1, 2019. Earlier adoption is permitted.

**Muskowekwan First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2015*

**3. Change in accounting policies**

**Liability for contaminated sites**

Effective April 1, 2014, the First Nation adopted PS 3260 Liability for Contaminated Sites. This section is establishes recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. Further, it defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements.

The First Nation has not identified any contaminated sites, therefore it has no effect on its consolidated financial statements.

**4. Restricted cash**

|                          | <b>2015</b>            | <b>2014</b>            |
|--------------------------|------------------------|------------------------|
| <b>Current</b>           |                        |                        |
| Capital projects         | 446,892                | 98,455                 |
| TLE revenue account      | 748                    | 1,768                  |
|                          | <hr/> <b>447,640</b>   | <hr/> <b>100,223</b>   |
| <b>Long-term</b>         |                        |                        |
| CMHC replacement reserve | 823,651                | 773,773                |
| CMHC operating reserve   | 329,323                | 276,945                |
|                          | <hr/> <b>1,152,974</b> | <hr/> <b>1,050,718</b> |
|                          | <hr/> <b>1,600,614</b> | <hr/> <b>1,150,941</b> |

**5. Accounts receivable**

|  | <b>2015</b>            | <b>2014</b>            |
|--|------------------------|------------------------|
| Aboriginal Affairs and Northern Development Canada | 724,437                | 963,424                |
| Touchwood Agency Tribal Council                    | 106,253                | 133,408                |
| Dakota Dunes Community Development Corporation     | 93,533                 | 139,969                |
| Other  | 59,238                 | 1,727                  |
| Canada Mortgage and Housing Corporation            | 35,510                 | 36,777                 |
| Land lease   | -                      | 461,299                |
|  | <hr/> <b>1,018,971</b> | <hr/> <b>1,736,604</b> |

**6. Due from related party**

|  | <b>2015</b>         | <b>2014</b>         |
|--|---------------------|---------------------|
| Ledcor Trust                             | 25,518              | 36,356              |
| Muskowekwan Gas Bar & Confectionary Ltd. | 10,578              | -                   |
|  | <hr/> <b>36,096</b> | <hr/> <b>36,356</b> |

Amounts due from related parties are non-interest bearing, unsecured and without fixed repayment terms. Ledcor Trust - Principal Account is related by common membership and the First Nation owns Muskowekwan Gas Bar & Confectionary Ltd.

**Muskowekwan First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2015*

**7. Investments**

The First Nation has investments in the following entities:

|  | <i>2015</i> | <i>Opening balance</i> | <i>Cumulative share of earnings (loss)</i> | <i>Total investment</i> |
|--|-------------|------------------------|--|-------------------------|
| <b>Portfolio investment</b>              |             |                        |  |                         |
| IMI Brokerage                            |             | 24,500                 | -  | 24,500                  |
| <b>Government business enterprises:</b>  |             |                        |  |                         |
| Muskowekwan Gas Bar & Confectionary Ltd. |             | 53,348                 | (31,362)                                   | 21,986                  |
| Muskowekwan Resources Ltd.               |             | 100                    | -  | 100                     |
|  |             | 53,448                 | (31,362)                                   | 22,086                  |
|  |             | 77,948                 | (31,362)                                   | 46,586                  |

Summary financial information for each government business enterprise, accounted for using the modified equity method:

|  | <i>Muskowekwan<br/>Gas Bar &amp;<br/>Confectionary<br/>Ltd.<br/>As at March 31,<br/>2015</i> | <i>Muskowekwan<br/>Resources Ltd.<br/>As at March 31,<br/>2015</i> |
|--|--|--|
| <b>Assets</b>  |  |  |
| Accounts receivable  | 47,461   | 157,290  |
| Inventory  | 28,313   | -  |
| Investments  | 43,332   | 1,345,230  |
| Prepaid expenses   | -  | 26,461   |
| Building and equipment   | 234,358  | 10,717   |
| Due from related parties   | -  | 174,768  |
| <b>Total assets</b>  | <b>353,464</b>   | <b>1,714,466</b>   |
| <b>Liabilities</b>   |  |  |
| Bank indebtedness  | 63,307   | 69,183   |
| Accounts payable and accruals                                    | 160,598  | 37,226   |
| Deferred revenue   | -  | 23,711   |
| Long-term debt / debenture                                       | 34,056   | 4,378,016  |
| Due to related parties   | 73,517   | -  |
| <b>Total liabilities</b>   | <b>331,478</b>   | <b>4,508,136</b>   |
| <b>Accumulated other comprehensive loss</b>                      | <b>-</b>   | <b>(1,984,106)</b>   |
| <b>Net assets excluding accumulated other comprehensive loss</b> | <b>21,986</b>  | <b>(809,564)</b>   |
| <b>Total revenue</b>   | <b>1,774,384</b>   | <b>529,246</b>   |
| <b>Total expenses</b>  | <b>1,805,746</b>   | <b>1,098,769</b>   |
| <b>Net loss</b>  | <b>(31,362)</b>  | <b>(569,523)</b>   |
| <b>Other comprehensive loss</b>                                  | <b>-</b>   | <b>(996,446)</b>   |
| <b>Comprehensive loss</b>  | <b>(31,362)</b>  | <b>(1,565,969)</b>   |

**Muskowekwan First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2015*

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**7. Investments** *(Continued from previous page)*

In the prior year, the First Nation's investment in Muskowekwan Resources Ltd. was reduced to \$100 which is the cost of the shares owned by the First Nation. The comprehensive loss recognized in the First Nation was \$1,227,801 less than the actual other comprehensive loss in Muskowekwan Resources Ltd. as the First Nation does not have a liability for additional unrealized losses incurred by Muskowekwan Resources Ltd. Therefore, the comprehensive loss in the current year has also not been recognized. The other comprehensive losses are a result of the decline in the fair market value of investments held by Muskowekwan Resources Ltd.

**8. Funds held in Ottawa Trust Fund**

Funds held in Ottawa Trust Fund are held on behalf of the Members of Muskowekwan First Nation by the Government of Canada and consist of a capital and revenue trust moneys. Moneys are transferred from these funds to the First Nation on the authorization of the First Nation's Chief and Council, with the consent of the Minister of Aboriginal Affairs and Northern Development Canada.

|                                    | <b>2015</b>    | <b>2014</b> |
|------------------------------------|----------------|-------------|
| <b>Capital Trust</b>               |                |             |
| Balance, beginning and end of year | <b>268,806</b> | 268,806     |
| <b>Revenue Trust</b>               |                |             |
| Balance, beginning of year         | 21,600         | 95,941      |
| Interest                           | 8,082          | 11,056      |
| Lease                              | 87,072         | 29,603      |
| Payments to First Nation           | (25,400)       | (115,000)   |
| Balance, end of year               | <b>91,354</b>  | 21,600      |
|                                    | <b>360,160</b> | 290,406     |

**9. Bank indebtedness**

The First Nation has a line of credit with Peace Hills Trust with an authorized limit of \$75,000 bearing interest at prime (3.75%) plus 2.00%. The line of credit is secured by assignment of AANDC transfers. The First Nation has a further approved overdraft on the line of credit up to \$354,000 which is secured by an assignment of Gaming, land lease and BHP Funding monies and bears interest at 24%. As at March 31, 2015 the First Nation has drawn \$285,225.

**10. Deferred revenue**

|  | <i>Balance,<br/>beginning of<br/>year</i> | <i>Contributions<br/>received</i> | <i>Recognized</i> | <i>Balance, end<br/>of year</i> |
|--|---|-----------------------------------|-------------------|---------------------------------|
| AANDC - Biological treatment and backup well | 104,027                                   | 200,000                           | 636               | 303,391                         |
| AANDC - Lagoon                               | -   | 164,000                           | 3,778             | 160,222                         |
|  | <b>104,027</b>                            | <b>364,000</b>                    | <b>4,414</b>      | <b>463,613</b>                  |

**Muskowekwan First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2015*

**11. Due to related parties**

|  | <b>2015</b>    | <b>2014</b>    |
|--|----------------|----------------|
| Muskowekwan Resources Ltd.               | 174,888        | 270,243        |
| Muskowekwan Gas Bar & Confectionary Ltd. | -              | 15,584         |
|  | <b>174,888</b> | <b>285,827</b> |

Amounts due to related parties are non-interest bearing, unsecured and without fixed repayment terms. The First Nation owns these related entities.

**12. Long-term debt**

The following loans are secured by government guarantees, and relate to the construction of on reserve housing. The First Nation receives a subsidy from Canada Mortgage and Housing Corporation to assist with the payment of principal and interest on the following loans:

| Phase | Monthly Payment Including Interest | Interest Rate | Renewal Date | 2015             | 2014             |
|-------|------------------------------------|---------------|--------------|------------------|------------------|
| VII   | 1,691                              | 5.15%         | 1-Feb-15     | 38,800           | 54,984           |
| VIII  | 1,562                              | 5.24%         | 1-Jan-18     | 49,306           | 65,047           |
| XI    | 350                                | 1.64%         | 1-Feb-17     | 7,923            | 11,960           |
| XII   | 691                                | 2.63%         | 1-Jun-16     | 18,094           | 25,800           |
| XIII  | 2,328                              | 2.37%         | 1-Jun-16     | 85,174           | 110,774          |
| XIV   | 675                                | 1.82%         | 1-Sep-19     | 68,445           | 75,109           |
| XV    | 1,164                              | 2.26%         | 1-Aug-16     | 138,705          | 149,421          |
| XVI   | 800                                | 1.67%         | 1-Apr-17     | 104,972          | 112,751          |
| XVII  | 1,338                              | 1.67%         | 1-Jun-18     | 188,630          | 201,429          |
| XVIII | 1,045                              | 1.92%         | 1-Apr-19     | 153,092          | 162,610          |
| XIX   | 1,305                              | 1.05%         | 1-Apr-20     | 148,555          | 161,234          |
| XX    | 8,002                              | 1.64%         | 1-Dec-16     | 1,025,855        | 1,104,410        |
| XXI   | 7,499                              | 2.11%         | 1-Jan-19     | 1,388,457        | 1,448,584        |
| XXII  | 7,583                              | 1.85%         | 1-Aug-19     | 1,478,934        | 1,539,527        |
| XXIII | 2,143                              | 1.44%         | 1-Jul-17     | 491,153          | 509,676          |
|       |                                    |               |              | <b>5,386,095</b> | <b>5,733,316</b> |

Peace Hills Trust loan payable, interest at 6%, with blended principal and interest payments of \$9,688 monthly, matures September 2016, secured by an assignment of facility and land lease revenues

1,371,563 1,404,435

Peace Hills Trust loan payable, interest at 6%, with principal and interest payments of \$30,000 semi-annually increased to \$60,000 semi-annually October 1, 2015, matures October 2015, secured by a GSA

366,180 403,677

Peace Hills Trust loan payable, interest at 7%, with quarterly principal payments of \$18,000 plus interest, matures January 2016, secured by a GSA

232,305 282,000

Peace Hills Trust loan payable, interest at 7.5%, with principal and interest payments of \$25,000 quarterly, matures July 2016, secured by a GSA

137,933 202,729

Peace Hills Trust loan payable, interest 7%, with principal and interest payments of \$33,200 semi-annually, matures May 2015, secured by a GSA

30,460 91,505

Peace Hills Trust loan payable, interest at 7.5%, with principal and interest payments of \$5,000 quarterly, matures July 2016, secured by a GSA

26,644 39,655

**Muskowekwan First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2015*

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

|                                | <b>2015</b>      | <b>2014</b>      |
|--------------------------------|------------------|------------------|
| Peace Hills Trust loan payable | -                | 233,031          |
| Peace Hills Trust loan payable | -                | 15,355           |
|                                | <b>7,551,180</b> | 8,405,703        |
| <u>Current portion</u>         | <b>(646,126)</b> | (1,158,301)      |
|                                | <b>6,905,054</b> | <b>7,247,402</b> |

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

|      |         |
|------|---------|
| 2016 | 646,126 |
| 2017 | 662,494 |
| 2018 | 563,289 |
| 2019 | 449,546 |
| 2020 | 352,036 |

**13. Contingent liabilities**

Funding

These consolidated financial statements are subject to review by the First Nation's funding agents. It is possible that adjustments could be made based on the results of their reviews.

Touchwood Agency Specific Claim

The Government of Canada provided Touchwood Agency Specific Claim with an interest-free loan of approximately \$2,251,000 repayable on the earlier of March 31, 2010 or the date on which the claim is settled. The loan was advanced subject to conditions contained in a Native Claims Loan Agreement. If the conditions of this agreement are not met, the Agency must repay all funds advanced by the Government of Canada. The five Nations who are members of the Touchwood Agency Specific Claim may be directly or indirectly responsible for the repayment of this loan. The amount of the liability, if any, is not determinable at this time. If any liability results from the guarantee, it will be recorded in the period the liability is determinable.

Guarantee

The First Nation has guaranteed debt on behalf of 4 Directions Child & Family Services Inc. for the construction of a youth support facility located on the First Nation's land. The outstanding debt at March 31, 2015 was approximately \$2,570,000 (2014 - \$2,650,000). The First Nation would be liable if 4 Directions Child & Family Services Inc. defaults on the loan. As at March 31, 2015 the First Nation has no liability associated with this guarantee.

**Muskowekwan First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2015*

**14. Tangible capital assets**

| <b>Cost</b>                            | <b>Housing</b>    | <b>Buildings</b>  | <b>Water and sewer</b> | <b>Equipment</b> | <b>Subdivision</b> | <b>Work in Progress</b> | <b>Purchased Land</b> | <b>2015</b>       | <b>2014</b>       |
|--|-------------------|-------------------|------------------------|------------------|--------------------|-------------------------|-----------------------|-------------------|-------------------|
| Balance, beginning of year             | 20,750,738        | 12,199,809        | 2,881,662              | 2,184,471        | 2,257,394          | 208,157                 | 14,374,658            | 54,856,889        | 54,722,949        |
| Acquisition of tangible capital assets | -                 | -                 | -                      | 84,000           | -                  | 125,540                 | -                     | 209,540           | 297,222           |
| Disposal of tangible capital assets    | -                 | (95,004)          | -                      | (1,500)          | -                  | -                       | -                     | (96,504)          | (163,282)         |
| <b>Balance, end of year</b>            | <b>20,750,738</b> | <b>12,104,805</b> | <b>2,881,662</b>       | <b>2,266,971</b> | <b>2,257,394</b>   | <b>333,697</b>          | <b>14,374,658</b>     | <b>54,969,925</b> | <b>54,856,889</b> |
| <b>Accumulated amortization</b>        |                   |                   |                        |                  |                    |                         |                       |                   |                   |
| Balance, beginning of year             | 11,291,782        | 6,745,190         | 258,061                | 1,595,342        | 180,592            | -                       | -                     | 20,070,967        | 18,724,631        |
| Annual amortization                    | 633,944           | 469,499           | 72,042                 | 143,270          | 90,296             | -                       | -                     | 1,409,051         | 1,418,180         |
| Disposal of tangible capital assets    | -                 | (64,603)          | -                      | (1,500)          | -                  | -                       | -                     | (66,103)          | (71,844)          |
| <b>Balance, end of year</b>            | <b>11,925,726</b> | <b>7,150,086</b>  | <b>330,103</b>         | <b>1,737,112</b> | <b>270,888</b>     | <b>-</b>                | <b>-</b>              | <b>21,413,915</b> | <b>20,070,967</b> |
| Netbook value                          | <b>8,825,012</b>  | <b>4,954,719</b>  | <b>2,551,559</b>       | <b>529,859</b>   | <b>1,986,506</b>   | <b>333,697</b>          | <b>14,374,658</b>     | <b>33,556,010</b> |                   |
| 2014 Net book value                    | 9,458,956         | 5,454,619         | 2,623,601              | 589,129          | 2,076,802          | 208,157                 | 14,374,658            | 34,785,922        |                   |

**Muskowekwan First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2015*

**15. Accumulated surplus**

Accumulated surplus consists of the following:

|                          | <b>2015</b>       | <b>2014</b>       |
|--------------------------|-------------------|-------------------|
| Operating                | (1,523,783)       | (1,103,653)       |
| Capital Asset            | 26,401,712        | 27,137,634        |
| Commercial               | 46,586            | 77,948            |
| CMHC Operating Reserve   | 297,406           | 328,801           |
| CMHC Replacement Reserve | 903,878           | 820,634           |
| Ottawa Trust Funds       | 360,160           | 290,406           |
|                          | <b>26,485,959</b> | <b>27,551,770</b> |

**16. Funds and reserves**

The Muskowekwan First Nation maintains the following funds and reserves as part of its operations.

- Operating Fund reports on the general activities of the First Nation's administration;
- Capital Asset Fund reports on the capital assets and projects of the First Nation;
- Commercial Fund reports on commercial business operations owned by the First Nation;
- CMHC Operating Reserve Fund is required as part of the First Nation's CMHC Housing Program, which receives funds pursuant to the Post 1997 - Fixed Subsidy Program. Any surpluses are externally restricted and reserved for future operating losses that relate to the operation of houses under this Program;
- CMHC Replacement Reserve Fund is required as part of the First Nation's CMHC Housing Program. It has been established for replacement of capital equipment and for major repairs to the houses; and
- Ottawa Trust Funds report on trust moneys owned by the First Nation and held by the Government of Canada.

**Muskowekwan First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2015*

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**17. Segments**

The First Nation has 12 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Ottawa Trust Funds - reports revenues allocated to the funds and transfers to other segments.

Investment in Business Entities - reports on gains and losses of the First Nation's business enterprises.

Band Government - reports on administration and governance activities.

Capital - reports on capital projects.

Community Infrastructure - reports on the maintenance of the community and its infrastructure.

Education - reports on the operations of education programs.

Lands - reports on activities for the development of the First Nation's land.

Social Development - reports on activities related to delivering social programs.

Health - reports on the First Nation's health programs.

Economic Development - reports on operations relating to developing the First Nation's economic opportunities.

Housing - reports on housing operations funded by Canada Mortgage and Housing Corporation.

Muskowekwan Gaming Inc. - reports on operations of the First Nation's not for profit organization.

Inter-segment transfers are recorded at their exchange amount. The accounting policies of the segments are the same as those described in Note 2.

Details of the segment revenues and expenses are provided in the accompanying schedules. There are no revenues or expenses that have not been allocated to a segment.

**18. Economic dependence**

Muskowekwan First Nation receives a significant portion of its revenues from the Government of Canada as a result of Treaties entered into with the Crown in Right of Canada. However, these Treaties are administered by Aboriginal Affairs and Northern Development Canada under the terms and conditions of the Indian Act. The ability of the First Nation to continue to provide programming and essential services is dependent upon Canada's continued financial commitments as guaranteed by these Treaties.

**Muskowekwan First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2015*

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**19. Aboriginal Affairs and Northern Development Canada reconciliation**

|   |           |
|---|-----------|
| AANDC funding per confirmation                    | 6,363,418 |
| Add:  |           |
| Deferred revenue - beginning of year              | 104,027   |
| 14/15 Basic needs reconciliation                  | 22,117    |
| Deduct:   |           |
| Deferred revenue - end of year                    | (463,613) |
| Funding forfeited (Provincial Tuition)            | (43,418)  |
| 14/15 Employee benefits reconciliation            | (10,412)  |
| 14/15 Home/Adult Care reconciliation              | (5,689)   |
| 14/15 Special needs recovery                      | (10,156)  |
| 14/15 Early Childhood Intervention reconciliation | (2,454)   |
| 14/15 Provincial Special Education reconciliation | (20,313)  |
| 14/15 Provincial Tuition reconciliation           | (9,489)   |
|   | <hr/>     |
|   | 5,924,018 |

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**20. Budget information**

The budget information disclosed is available for only some of the programs and was approved by the First Nation's Chief and Council on April 11, 2014. Budget information is not available for Ottawa Trust Funds, investment in business enterprises, capital projects, and Muskowekwan Gaming Inc. The budget approved by Chief and Council included the principal portion of loan payments of \$803,150 as expenses. Canadian public sector accounting standards do not consider the principal portion of loan payments to be expenses. To ensure the budgeted information is in accordance with Canadian public sector accounting standards, loan payments have been excluded. The First Nation does not budget for amortization.

**Muskowekwan First Nation**  
**- Consolidated Schedule of Expenses by Object**  
*For the year ended March 31, 2015*

|                            | <b>2015<br/>Budget<br/>(Note 20)</b> | <b>2015<br/>Actual</b> | <b>2014<br/>Actual</b> |
|----------------------------|--------------------------------------|------------------------|------------------------|
| Salaries and benefits      | 2,748,124                            | 3,014,017              | 2,870,736              |
| Amortization               | -                                    | 1,409,051              | 1,418,180              |
| Social assistance          | 996,247                              | 1,136,606              | 1,112,485              |
| Cost of sales              | -                                    | 1,084,338              | 1,655,265              |
| Tuition                    | 981,120                              | 1,078,846              | 1,091,569              |
| Contracted services        | 783,175                              | 726,682                | 485,518                |
| Repairs and maintenance    | 1,085,354                            | 628,099                | 507,674                |
| Program education          | 65,000                               | 624,679                | 624,679                |
| Community support          | 161,150                              | 384,119                | 366,414                |
| Honourarium                | 223,000                              | 329,893                | 299,460                |
| Interest on long-term debt | 458,247                              | 274,135                | 321,532                |
| Youth and elder activities | 113,765                              | 266,848                | 150,241                |
| Travel                     | 369,987                              | 262,798                | 300,341                |
| Utilities                  | 155,604                              | 197,287                | 151,614                |
| Insurance                  | 129,238                              | 160,910                | 214,920                |
| Professional fees          | 100,198                              | 152,355                | 205,683                |
| Administration             | 36,975                               | 125,390                | 110,445                |
| Bank charges and interest  | 27,228                               | 122,230                | 94,995                 |
| Professional development   | 36,050                               | 105,014                | 76,143                 |
| Student                    | 28,912                               | 96,161                 | 113,069                |
| Supplies                   | 146,036                              | 84,675                 | 79,098                 |
| Property tax               | -                                    | 55,109                 | 48,664                 |
| Telephone                  | 34,114                               | 53,774                 | 54,389                 |
| Office supplies            | 106,477                              | 49,318                 | 48,761                 |
| Vehicle                    | 63,026                               | 43,593                 | 102,557                |
| School supplies            | 29,839                               | 43,520                 | 60,381                 |
| Training                   | 80,688                               | 40,676                 | 93,093                 |
| Office equipment lease     | 29,000                               | 40,149                 | 38,724                 |
| Rent                       | -                                    | 38,317                 | 147,645                |
| Cultural                   | 25,727                               | 34,220                 | 23,000                 |
| Funeral                    | 11,000                               | 31,515                 | 10,375                 |
| Administration             | -                                    | 28,254                 | -                      |
| Miscellaneous              | 159,549                              | 15,629                 | 26,766                 |
| Program                    | 7,687                                | 13,286                 | 15,185                 |
| Advertising                | 5,790                                | 6,718                  | 5,513                  |
| Management fees            | -                                    | 4,156                  | -                      |
| User fees                  | 16,632                               | 2,196                  | 2,447                  |
| Bad debts                  | -                                    | 276                    | 69,654                 |
| Cash over                  | -                                    | (2,812)                | -                      |
|                            | <b>9,214,939</b>                     | <b>12,762,027</b>      | <b>12,997,215</b>      |

**Muskowekwan First Nation**  
**Ottawa Trust Funds**  
**Schedule of Segment Revenues and Expenses and Surplus (Deficit)**  
*For the year ended March 31, 2015*

|                                   | <b>2015<br/>Budget</b> | <b>2015<br/>Actual</b> | <b>2014<br/>Actual</b> |
|-----------------------------------|------------------------|------------------------|------------------------|
| <b>Revenues</b>                   |                        |                        |                        |
| Lease                             | -                      | 87,072                 | 29,603                 |
| Interest                          | -                      | 8,083                  | 11,055                 |
| <b>Surplus before transfers</b>   | -                      | 95,155                 | 40,658                 |
| <b>Transfers between programs</b> | -                      | (25,400)               | (115,000)              |
| <b>Surplus (deficit)</b>          | -                      | 69,755                 | (74,342)               |

**Muskowekwan First Nation**  
**Investment in Business Entities**  
**Schedule of Segment Revenues and Expenses and Surplus (Deficit)**  
*For the year ended March 31, 2015*

|  | <b>2015<br/>Budget</b> | <b>2015<br/>Actual</b> | <b>2014<br/>Actual</b> |
|--|------------------------|------------------------|------------------------|
| <b>Revenues</b>  |                        |                        |                        |
| Loss from investments in government business enterprises | -                      | (31,362)               | (679,430)              |
| <b>Deficit</b>   | -                      | (31,362)               | (679,430)              |

**Muskowekwan First Nation**  
**Band Government**  
**Schedule of Segment Revenues and Expenses and Surplus (Deficit)**  
*For the year ended March 31, 2015*

|  | <b>2015<br/>Budget</b> | <b>2015<br/>Actual</b> | <b>2014<br/>Actual</b> |
|--|------------------------|------------------------|------------------------|
| <b>Revenues</b>                                    |                        |                        |                        |
| Aboriginal Affairs and Northern Development Canada | 421,442                | 415,151                | 424,452                |
| Dakota Dunes Community Development Corporation     | 36,000                 | 268,800                | 329,468                |
| Other  | 181,560                | 142,047                | 225,049                |
| Interest   | 8,178                  | 6,064                  | 2,450                  |
| Rental income                                      | 20,000                 | 328                    | -                      |
| Lease  | -                      | 200                    | 7,500                  |
|  | <b>667,180</b>         | <b>832,590</b>         | <b>988,919</b>         |
| <b>Expenses</b>                                    |                        |                        |                        |
| Honourarium  | 208,000                | 285,138                | 271,667                |
| Community support                                  | 16,000                 | 269,578                | 170,808                |
| Salaries and benefits                              | 206,492                | 254,774                | 270,253                |
| Youth and elder activities                         | 20,000                 | 135,927                | 49,025                 |
| Professional fees                                  | 68,000                 | 75,192                 | 117,680                |
| Contracted services                                | 57,000                 | 59,153                 | 18,828                 |
| Travel   | 202,414                | 56,735                 | 61,365                 |
| Telephone  | 26,599                 | 40,946                 | 26,271                 |
| Rent   | -                      | 38,317                 | 147,645                |
| Insurance  | 16,415                 | 29,441                 | 61,813                 |
| Professional development                           | -                      | 29,074                 | 784                    |
| Office equipment lease                             | 29,000                 | 25,950                 | 23,815                 |
| Administration                                     | -                      | 23,486                 | (11,874)               |
| Bank charges and interest                          | 17,533                 | 21,198                 | 38,295                 |
| Miscellaneous                                      | 1,000                  | 16,788                 | 5,274                  |
| Office supplies                                    | 14,500                 | 11,359                 | 10,863                 |
| Advertising  | 5,040                  | 5,677                  | 2,858                  |
| Utilities  | 8,639                  | 5,464                  | 4,762                  |
| Repairs and maintenance                            | 6,500                  | 1,434                  | 591                    |
| Vehicle  | -                      | 1,262                  | 1,535                  |
| User fees  | 5,179                  | -                      | 115                    |
| Bad debts  | -                      | (774)                  | 58,214                 |
|  | <b>908,311</b>         | <b>1,386,119</b>       | <b>1,330,587</b>       |
| <b>Deficit before transfers</b>                    | <b>(241,131)</b>       | <b>(553,529)</b>       | <b>(341,668)</b>       |
| <b>Transfers between programs</b>                  | <b>188,349</b>         | <b>25,400</b>          | <b>115,000</b>         |
| <b>Deficit</b>                                     | <b>(52,782)</b>        | <b>(528,129)</b>       | <b>(226,668)</b>       |

**Muskowekwan First Nation**  
**Capital**  
**Schedule of Segment Revenues and Expenses and Surplus (Deficit)**  
*For the year ended March 31, 2015*

|  | <b>2015<br/>Budget</b> | <b>2015<br/>Actual</b> | <b>2014<br/>Actual</b> |
|--|------------------------|------------------------|------------------------|
| <b>Revenues</b>                                    |                        |                        |                        |
| Aboriginal Affairs and Northern Development Canada | 219,368                | 167,166                | 326,785                |
| Rental income                                      | 190,593                | 21,124                 | 22,028                 |
| Other  | 65,046                 | 47,710                 | 902                    |
| Touchwood Agency Tribal Council                    | 10,623                 | 5,680                  | 10,623                 |
| Dakota Dunes Community Development Corporation     | -                      | -                      | 62,500                 |
|  | <b>485,630</b>         | <b>241,680</b>         | <b>422,838</b>         |
| <b>Expenses</b>                                    |                        |                        |                        |
| Repairs and maintenance                            | 490,054                | 201,226                | 200,209                |
| Bank charges and interest                          | -                      | 88,112                 | 31,421                 |
| Salaries and benefits                              | 52,085                 | 49,016                 | 48,874                 |
| Insurance  | 34,543                 | 33,916                 | 46,926                 |
| Contracted services                                | 65,046                 | 11,932                 | 1,946                  |
| Utilities  | -                      | 3,452                  | 8,745                  |
| Travel   | 9,195                  | 3,383                  | 7,205                  |
| Vehicle  | -                      | 1,636                  | 60                     |
| Office supplies                                    | 698                    | -                      | -                      |
|  | <b>651,621</b>         | <b>392,673</b>         | <b>345,386</b>         |
| <b>Surplus (deficit) before other income</b>       | <b>(165,991)</b>       | <b>(150,993)</b>       | <b>77,452</b>          |
| <b>Other income</b>                                |                        |                        |                        |
| Gain on disposal of capital assets                 | -                      | 76,595                 | -                      |
| <b>Surplus (deficit) before transfers</b>          | <b>(165,991)</b>       | <b>(74,398)</b>        | <b>77,452</b>          |
| Transfers between programs                         | 50,000                 | -                      | -                      |
| <b>Surplus (deficit)</b>                           | <b>(115,991)</b>       | <b>(74,398)</b>        | <b>77,452</b>          |

**Muskowekwan First Nation**  
**Community Infrastructure**  
**Schedule of Segment Revenues and Expenses and Surplus (Deficit)**  
*For the year ended March 31, 2015*

|  | <b>2015<br/>Budget</b> | <b>2015<br/>Actual</b> | <b>2014<br/>Actual</b> |
|--|------------------------|------------------------|------------------------|
| <b>Revenues</b>                                    |                        |                        |                        |
| Aboriginal Affairs and Northern Development Canada | 340,812                | 425,478                | 369,735                |
| Rental income                                      | 22,138                 | 32,870                 | 7,250                  |
| Other  | 153,586                | 11,863                 | 11,875                 |
| Health Canada                                      | -                      | 5,500                  | 5,200                  |
|  | <b>516,536</b>         | <b>475,711</b>         | <b>394,060</b>         |
| <b>Expenses</b>                                    |                        |                        |                        |
| Amortization                                       | -                      | 270,568                | 266,629                |
| Contracted services                                | 176,439                | 207,707                | 154,907                |
| Repairs and maintenance                            | 161,688                | 130,128                | 99,188                 |
| Salaries and benefits                              | 160,638                | 100,792                | 108,995                |
| Utilities  | 85,029                 | 67,539                 | 58,980                 |
| Vehicle  | 48,695                 | 27,934                 | 30,456                 |
| Supplies   | 68,512                 | 24,008                 | 19,544                 |
| Travel   | 25,689                 | 21,037                 | 20,938                 |
| Office supplies                                    | 59,674                 | 13,543                 | 20,757                 |
| Insurance  | -                      | 3,220                  | -                      |
| Youth and elder activities                         | -                      | 1,373                  | -                      |
| User fees  | 2,163                  | 946                    | 150                    |
| Telephone  | 815                    | 879                    | 846                    |
| Bank charges and interest                          | -                      | 855                    | 1,786                  |
| Office equipment lease                             | -                      | 562                    | 720                    |
| Community support                                  | -                      | -                      | 1,033                  |
| Professional development                           | -                      | -                      | 2,415                  |
|  | <b>789,342</b>         | <b>871,091</b>         | <b>787,344</b>         |
| <b>Deficit before other income</b>                 | <b>(272,806)</b>       | <b>(395,380)</b>       | <b>(393,284)</b>       |
| <b>Other income</b>                                |                        |                        |                        |
| Gain on disposal of capital assets                 | -                      | 27,287                 | -                      |
| <b>Deficit before transfers</b>                    | <b>(272,806)</b>       | <b>(368,093)</b>       | <b>(393,284)</b>       |
| <b>Transfers between programs</b>                  | <b>(6,306)</b>         | <b>-</b>               | <b>-</b>               |
| <b>Deficit</b>                                     | <b>(279,112)</b>       | <b>(368,093)</b>       | <b>(393,284)</b>       |

**Muskowekwan First Nation  
Education**  
**Schedule of Segment Revenues and Expenses and Surplus (Deficit)**  
*For the year ended March 31, 2015*

|  | <b>2015<br/>Budget</b> | <b>2015<br/>Actual</b> | <b>2014<br/>Actual</b> |
|--|------------------------|------------------------|------------------------|
| <b>Revenues</b>                                    |                        |                        |                        |
| Aboriginal Affairs and Northern Development Canada | 2,571,321              | 3,374,636              | 3,672,471              |
| Touchwood Agency Tribal Council                    | 189,800                | 242,807                | 253,751                |
| Other  | 625,900                | 176,008                | 210,751                |
| Dakota Dunes Community Development Corporation     | 30,000                 | 46,964                 | -                      |
| Interest   | -                      | 8,056                  | (13)                   |
|  | <b>3,417,021</b>       | <b>3,848,471</b>       | <b>4,136,960</b>       |
| <b>Expenses</b>                                    |                        |                        |                        |
| Salaries and benefits                              | 1,691,774              | 1,882,386              | 1,757,295              |
| Tuition  | 981,120                | 1,078,846              | 1,091,569              |
| Program education                                  | 65,000                 | 624,679                | 624,679                |
| Amortization                                       | -                      | 291,527                | 291,527                |
| Contracted services                                | 233,718                | 227,200                | 227,682                |
| Student  | 2,500                  | 92,502                 | 91,657                 |
| Utilities  | 50,000                 | 79,568                 | 27,103                 |
| Travel   | 29,276                 | 57,652                 | 38,955                 |
| Supplies   | 65,000                 | 49,414                 | 57,056                 |
| School supplies                                    | 29,839                 | 43,520                 | 60,381                 |
| Professional development                           | 30,000                 | 36,668                 | 61,682                 |
| Honourarium  | -                      | 14,225                 | 12,350                 |
| Office equipment lease                             | -                      | 13,394                 | 10,451                 |
| Vehicle  | 2,600                  | 11,279                 | 8,944                  |
| Repairs and maintenance                            | 105,900                | 11,191                 | 74,565                 |
| Telephone  | 6,700                  | 5,528                  | 6,482                  |
| Bank charges and interest                          | 2,120                  | 3,926                  | 2,133                  |
| Insurance  | 4,200                  | 2,251                  | 500                    |
| Advertising  | 750                    | 846                    | -                      |
| Office supplies                                    | 1,450                  | 826                    | 907                    |
| Training   | 2,000                  | 460                    | 1,070                  |
| Cultural   | -                      | 200                    | 300                    |
| Community support                                  | -                      | 106                    | -                      |
| Administration                                     | 15,000                 | -                      | 270                    |
| User fees  | 200                    | -                      | -                      |
| Professional fees                                  | 5,000                  | -                      | 14,500                 |
| Miscellaneous                                      | 92,874                 | (7,917)                | 3,946                  |
|  | <b>3,417,021</b>       | <b>4,520,277</b>       | <b>4,466,004</b>       |
| <b>Transfers between programs</b>                  | <b>-</b>               | <b>27,143</b>          | <b>-</b>               |
| <b>Deficit</b>                                     | <b>-</b>               | <b>(644,663)</b>       | <b>(329,044)</b>       |

**Muskowekwan First Nation  
Lands**  
**Schedule of Segment Revenues and Expenses and Surplus (Deficit)**  
*For the year ended March 31, 2015*

|  | <b>2015<br/>Budget</b> | <b>2015<br/>Actual</b> | <b>2014<br/>Actual</b> |
|--|------------------------|------------------------|------------------------|
| <b>Revenues</b>                                    |                        |                        |                        |
| Aboriginal Affairs and Northern Development Canada | 71,408                 | 119,106                | 95,211                 |
| Lease  | 951,269                | 544,711                | 880,092                |
| Other  | 38,858                 | 72,617                 | 8,004                  |
| Interest   | 36,063                 | 16                     | 39,015                 |
| Rental income                                      | -                      | -                      | 200                    |
|  | <b>1,097,598</b>       | <b>736,450</b>         | <b>1,022,522</b>       |
| <b>Expenses</b>                                    |                        |                        |                        |
| Interest on long-term debt                         | -                      | 156,501                | 177,197                |
| Salaries and benefits                              | 189,465                | 79,395                 | 70,539                 |
| Property tax                                       | -                      | 55,109                 | 48,664                 |
| Travel   | 7,426                  | 50,381                 | 44,767                 |
| Contracted services                                | 192,444                | 35,326                 | 9,800                  |
| Professional fees                                  | 1,315                  | 32,084                 | 26,831                 |
| Honourarium  | -                      | 29,900                 | 4,493                  |
| Administration                                     | -                      | 20,973                 | 30,000                 |
| Training   | -                      | 17,993                 | 12,701                 |
| Insurance  | 7,131                  | 15,579                 | 1,799                  |
| Bank charges and interest                          | 5,525                  | 5,904                  | 3,715                  |
| Office supplies                                    | 6,195                  | 3,317                  | 3,837                  |
| Youth and elder activities                         | -                      | 2,600                  | 3,020                  |
| Telephone  | -                      | 1,677                  | 1,869                  |
| Utilities  | 1,936                  | 1,239                  | 938                    |
| Repairs and maintenance                            | 29,380                 | 902                    | 351                    |
| Miscellaneous                                      | 40,396                 | 900                    | 2,200                  |
| Community support                                  | -                      | 361                    | 300                    |
| Vehicle  | 11,731                 | -                      | 700                    |
| Funeral  | -                      | -                      | 600                    |
| Supplies   | 2,145                  | -                      | -                      |
| User fees  | -                      | -                      | (184)                  |
|  | <b>495,089</b>         | <b>510,141</b>         | <b>444,137</b>         |
| <b>Surplus before other income</b>                 | <b>602,509</b>         | <b>226,309</b>         | <b>578,385</b>         |
| <b>Other income</b>                                |                        |                        |                        |
| Gain on discontinued operations                    | -                      | -                      | 114,103                |
| <b>Surplus before transfers</b>                    | <b>602,509</b>         | <b>226,309</b>         | <b>692,488</b>         |
| <b>Transfers between programs</b>                  | <b>(90,900)</b>        | <b>-</b>               | <b>-</b>               |
| <b>Surplus</b>                                     | <b>511,609</b>         | <b>226,309</b>         | <b>692,488</b>         |

**Muskowekwan First Nation**  
**Social Development**  
**Schedule of Segment Revenues and Expenses and Surplus (Deficit)**  
*For the year ended March 31, 2015*

|  | <b>2015<br/>Budget</b> | <b>2015<br/>Actual</b> | <b>2014<br/>Actual</b> |
|--|------------------------|------------------------|------------------------|
| <b>Revenues</b>                                    |                        |                        |                        |
| Aboriginal Affairs and Northern Development Canada | 1,282,170              | 1,394,743              | 1,329,873              |
| First Nations Trust                                | 750,000                | 621,886                | 637,042                |
| Other  | 233,668                | 224,179                | 101,736                |
| Rental income                                      | -                      | 6,356                  | 1,000                  |
| Lease  | -                      | 100                    | 275,934                |
| Interest   | -                      | -                      | 18                     |
|  | <b>2,265,838</b>       | <b>2,247,264</b>       | <b>2,345,603</b>       |
| <b>Expenses</b>                                    |                        |                        |                        |
| Social assistance                                  | 996,247                | 1,136,606              | 1,112,485              |
| Youth and elder activities                         | 70,136                 | 96,703                 | 57,116                 |
| Contracted services                                | 16,000                 | 92,887                 | 27,884                 |
| Salaries and benefits                              | 66,173                 | 70,301                 | 65,545                 |
| Community support                                  | 86,510                 | 40,821                 | 44,679                 |
| Cultural   | 21,582                 | 32,770                 | 19,850                 |
| Funeral  | 11,000                 | 31,515                 | 9,775                  |
| Training   | 78,688                 | 22,223                 | 79,322                 |
| Office supplies                                    | 17,374                 | 15,667                 | 818                    |
| Travel   | 4,126                  | 15,592                 | 6,096                  |
| Supplies   | 5,080                  | 11,253                 | 1,365                  |
| Student  | 26,412                 | 3,659                  | 21,412                 |
| Insurance  | -                      | 3,436                  | 7,256                  |
| Bank charges and interest                          | 2,000                  | 2,235                  | 13,186                 |
| Vehicle  | -                      | 1,482                  | 519                    |
| User fees  | -                      | 1,250                  | -                      |
| Miscellaneous                                      | 17,039                 | 1,056                  | 3,010                  |
| Professional development                           | -                      | 655                    | -                      |
| Office equipment lease                             | -                      | 243                    | -                      |
| Honourarium  | -                      | 130                    | -                      |
| Repairs and maintenance                            | 3,127                  | -                      | 290                    |
|  | <b>1,421,494</b>       | <b>1,580,484</b>       | <b>1,470,608</b>       |
| <b>Surplus before other income</b>                 | <b>844,344</b>         | <b>666,780</b>         | <b>874,995</b>         |
| <b>Other income</b>                                |                        |                        |                        |
| Gain on disposal of capital assets                 | -                      | 15,000                 | -                      |
| <b>Surplus before transfers</b>                    | <b>844,344</b>         | <b>681,780</b>         | <b>874,995</b>         |
| <b>Transfers between programs</b>                  | <b>(113,755)</b>       | <b>(27,143)</b>        | <b>-</b>               |
| <b>Surplus</b>                                     | <b>730,589</b>         | <b>654,637</b>         | <b>874,995</b>         |

**Muskowekwan First Nation**  
**Health**  
**Schedule of Segment Revenues and Expenses and Surplus (Deficit)**  
*For the year ended March 31, 2015*

|  | <b>2015<br/>Budget</b> | <b>2015<br/>Actual</b> | <b>2014<br/>Actual</b> |
|--|------------------------|------------------------|------------------------|
| <b>Revenues</b>                                    |                        |                        |                        |
| Aboriginal Affairs and Northern Development Canada | 33,427                 | 27,738                 | 26,870                 |
| Health Canada                                      | 542,290                | 673,309                | 536,493                |
| Touchwood Agency Tribal Council                    | 69,200                 | 31,778                 | 29,702                 |
| Rental income                                      | -                      | 50                     | -                      |
| Interest   | -                      | 47                     | -                      |
| Other  | -                      | -                      | 4,682                  |
|  | <b>644,917</b>         | <b>732,922</b>         | <b>597,747</b>         |
| <b>Expenses</b>                                    |                        |                        |                        |
| Salaries and benefits                              | 381,497                | 343,244                | 301,841                |
| Amortization                                       | -                      | 82,495                 | 77,184                 |
| Contracted services                                | 37,528                 | 92,477                 | 43,270                 |
| Vehicle  | -                      | -                      | 60,343                 |
| Professional development                           | 6,050                  | 38,617                 | 11,262                 |
| Community support                                  | 3,640                  | 36,274                 | 26,658                 |
| Administration                                     | 20,943                 | 9,793                  | 20,915                 |
| Youth and elder activities                         | 23,629                 | 30,245                 | 41,080                 |
| Administration                                     | -                      | 28,254                 | -                      |
| Travel   | 91,861                 | 53,523                 | 54,057                 |
| Honourarium  | 15,000                 | 500                    | 10,950                 |
| Program  | 7,687                  | 13,286                 | 15,185                 |
| Repairs and maintenance                            | 6,756                  | 10,451                 | 6,854                  |
| Telephone  | -                      | -                      | 9,814                  |
| Insurance  | 6,600                  | 7,736                  | 7,525                  |
| Utilities  | 10,000                 | 7,588                  | 6,388                  |
| User fees  | 9,090                  | -                      | 2,366                  |
| Office supplies                                    | 6,586                  | 49                     | 5,056                  |
| Miscellaneous                                      | 8,240                  | 1,680                  | 8,019                  |
| Advertising  | -                      | 195                    | 1,035                  |
| Cultural   | 4,145                  | 1,250                  | 2,850                  |
| Bank charges and interest                          | 50                     | -                      | 253                    |
| Supplies   | 5,299                  | -                      | 1,133                  |
| Office equipment lease                             | -                      | -                      | 3,738                  |
|  | <b>644,601</b>         | <b>757,657</b>         | <b>717,776</b>         |
| <b>Surplus (deficit)</b>                           | <b>316</b>             | <b>(24,735)</b>        | <b>(120,029)</b>       |

**Muskowekwan First Nation**  
**Economic Development**  
**Schedule of Segment Revenues and Expenses and Surplus (Deficit)**  
*For the year ended March 31, 2015*

|                                 | <i>2015<br/>Budget</i> | <i>2015<br/>Actual</i> | <i>2014<br/>Actual</i> |
|---------------------------------|------------------------|------------------------|------------------------|
| <b>Revenues</b>                 |                        |                        |                        |
| Interest                        | -                      | 25,518                 | 36,356                 |
| Touchwood Agency Tribal Council | 60,000                 | 78,540                 | 61,500                 |
|                                 | <b>60,000</b>          | <b>104,058</b>         | <b>97,856</b>          |
| <b>Expenses</b>                 |                        |                        |                        |
| Amortization                    | -                      | 96,146                 | 96,370                 |
| Community support               | 55,000                 | 14,853                 | 5,600                  |
| Contracted services             | 5,000                  | -                      | 1,200                  |
|                                 | <b>60,000</b>          | <b>110,999</b>         | <b>103,170</b>         |
| <b>Deficit</b>                  | <b>-</b>               | <b>(6,941)</b>         | <b>(5,314)</b>         |

**Muskowekwan First Nation  
Housing**  
**Schedule of Segment Revenues and Expenses and Surplus (Deficit)**  
*For the year ended March 31, 2015*

|   | <b>2015<br/>Budget</b> | <b>2015<br/>Actual</b> | <b>2014<br/>Actual</b> |
|---|------------------------|------------------------|------------------------|
| <b>Revenues</b>                           |                        |                        |                        |
| Rental income                             | 593,631                | 448,081                | 446,834                |
| CMHC                                      | 1,074,656              | 430,055                | 449,207                |
| Other                                     | -                      | 36,754                 | -                      |
| Interest                                  | 3,314                  | 3,536                  | 3,519                  |
|   | <b>1,671,601</b>       | <b>918,426</b>         | <b>899,560</b>         |
| <b>Expenses</b>                           |                        |                        |                        |
| Amortization                              | -                      | 633,944                | 652,100                |
| Repairs and maintenance                   | 281,949                | 263,705                | 102,922                |
| Interest on long-term debt                | 458,247                | 114,657                | 144,335                |
| Administration                            | 1,032                  | 71,138                 | 71,134                 |
| Insurance                                 | 60,349                 | 57,571                 | 81,830                 |
| Professional fees                         | 25,883                 | 12,287                 | 16,565                 |
|   | <b>827,460</b>         | <b>1,153,302</b>       | <b>1,068,886</b>       |
| <b>Surplus (deficit) before transfers</b> | <b>844,141</b>         | <b>(234,876)</b>       | <b>(169,326)</b>       |
| <b>Transfers between programs</b>         | <b>(40,000)</b>        | <b>-</b>               | <b>-</b>               |
| <b>Surplus (deficit)</b>                  | <b>804,141</b>         | <b>(234,876)</b>       | <b>(169,326)</b>       |

**Muskowekwan First Nation**  
**Muskowekwan Gaming Inc.**  
**Schedule of Segment Revenues and Expenses and Surplus (Deficit)**  
*For the year ended March 31, 2015*

|                            | <b>2015<br/>Budget</b> | <b>2015<br/>Actual</b> | <b>2014<br/>Actual</b> |
|----------------------------|------------------------|------------------------|------------------------|
| <b>Revenues</b>            |                        |                        |                        |
| Muskowekwan Gaming Inc.    | -                      | 1,317,624              | 1,954,847              |
| Rental income              | -                      | 57,702                 | 64,772                 |
| Interest                   | -                      | 643                    | 206                    |
|                            | <b>-</b>               | <b>1,375,969</b>       | <b>2,019,825</b>       |
| <b>Expenses</b>            |                        |                        |                        |
| Cost of sales              | -                      | 1,084,338              | 1,655,265              |
| Salaries and benefits      | -                      | 234,109                | 247,394                |
| Amortization               | -                      | 34,371                 | 34,371                 |
| Professional fees          | -                      | 32,792                 | 30,107                 |
| Utilities                  | -                      | 32,437                 | 44,699                 |
| Community support          | -                      | 22,126                 | 117,337                |
| Repairs and maintenance    | -                      | 9,062                  | 22,702                 |
| Insurance                  | -                      | 7,760                  | 7,271                  |
| Telephone                  | -                      | 4,744                  | 9,107                  |
| Office supplies            | -                      | 4,557                  | 6,525                  |
| Travel                     | -                      | 4,495                  | 66,957                 |
| Management fees            | -                      | 4,156                  | -                      |
| Miscellaneous              | -                      | 3,122                  | 4,315                  |
| Interest on long-term debt | -                      | 2,977                  | -                      |
| Bad debts                  | -                      | 1,050                  | 11,440                 |
| Bank charges and interest  | -                      | -                      | 4,207                  |
| Advertising                | -                      | -                      | 1,620                  |
| Cash (over) short          | -                      | (2,812)                | -                      |
|                            | <b>-</b>               | <b>1,479,284</b>       | <b>2,263,317</b>       |
| <b>Deficit</b>             | <b>-</b>               | <b>(103,315)</b>       | <b>(243,492)</b>       |