

**Pheasant Rump Nakota First Nation  
#68  
Consolidated Financial Statements  
*March 31, 2016***

**MNP**

# **Pheasant Rump Nakota First Nation #68** **Contents**

*For the year ended March 31, 2016*

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## **Management's Responsibility**

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To the Members of Pheasant Rump Nakota First Nation #68:

The accompanying consolidated financial statements of Pheasant Rump Nakota First Nation #68 are the responsibility of management and have been approved by the Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

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

The Pheasant Rump Nakota First Nation #68 Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and may meet periodically and separately with, both the Council and management to discuss their audit findings.

July 26, 2016

"Original Signed By"

Donna Ledoux

## Independent Auditors' Report

To the Members of Pheasant Rump Nakota First Nation #68:

We have audited the accompanying consolidated financial statements of Pheasant Rump Nakota First Nation #68, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Pheasant Rump Nakota First Nation #68 as at March 31, 2016 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.

Regina, Saskatchewan

July 26, 2016

**MNP**  
LLP

Chartered Professional Accountants

**Pheasant Rump Nakota First Nation #68**  
**Consolidated Statement of Financial Position**

As at March 31, 2016

2016

2015

**Financial assets**

**Current**

Cash (Note 3)	71,839	430,240
Accounts receivable (Note 4)	183,815	198,911
	<b>255,654</b>	629,151
Funds held in trust (Note 5)	190,902	155,492
<b>Total financial assets</b>	<b>446,556</b>	784,643

**Liabilities**

**Current**

Bank indebtedness (Note 6)	101,519	39,442
Accounts payable and accruals	466,858	300,071
Deferred revenue (Note 7)	112,516	335,636
Current portion of term loans subject to refinancing (Note 8)	-	76,025
Current portion of long-term debt (Note 9)	183,509	91,331
	<b>864,402</b>	842,505
Term loans subject to refinancing (Note 8)	-	178,901
	<b>864,402</b>	1,021,406
<b>Long-term debt (Note 9)</b>	<b>480,611</b>	222,107
<b>Total financial liabilities</b>	<b>1,345,013</b>	1,243,513
<b>Net debt</b>	<b>(898,457)</b>	(458,870)

**Contingencies (Note 11)**

**Non-financial assets**

Tangible capital assets (Note 12)	1,054,162	1,044,168
Prepaid expenses	1,500	-
<b>Total non-financial assets</b>	<b>1,055,662</b>	1,044,168
<b>Accumulated surplus (Note 14)</b>	<b>157,205</b>	585,298

Approved by:

“Original Signed By”

Julie Kakakaway

Councilor

“Original Signed By”

Misty McArthur

Councilor

**Pheasant Rump Nakota First Nation #68**  
**Consolidated Statement of Operations and Accumulated Surplus (Deficit)**  
*For the year ended March 31, 2016*

	<i>Schedules</i>	<i>2016 Budget (Note 18)</i>	<i>2016</i>	<i>2015</i>
<b>Revenue</b>				
Indigenous and Northern Affairs Canada (Note 15)		912,690	1,477,275	1,075,069
Health Canada (Note 16)		271,018	391,978	280,916
CMHC		60,224	55,946	55,946
Grants		-	204,690	-
Other		-	107,257	63,255
First Nations Trust		120,000	152,203	151,804
Painted Hand CDC		24,000	124,303	194,920
FSIN		107,000	114,500	114,500
Oil and Gas		120,000	81,214	915,535
Gravel		-	64,500	159,960
SIIT		37,000	63,187	70,716
Taxes		-	59,633	118,794
Rental income		30,400	48,770	43,946
Recovery of contingent liability		-	27,269	-
Interest income		-	3,483	2,568
Gain on disposal of tangible capital assets		-	-	35,378
		<b>1,682,332</b>	<b>2,976,208</b>	<b>3,283,307</b>
<b>Program expenses</b>				
Community Development	2	287,575	886,244	636,663
Economic Development	3	30,800	118,717	33,160
Education	4	266,249	307,193	234,727
Government Support	5	280,600	363,409	379,950
Social Development	6	221,994	173,455	120,095
Registration and Membership	7	5,000	4,977	3,161
Health	8	290,689	396,737	301,755
CMHC Housing	9	85,224	310,648	229,003
Other Band Programs	10	281,000	842,921	702,667
<b>Total expenditures</b>		<b>1,749,131</b>	<b>3,404,301</b>	<b>2,641,181</b>
<b>Annual (deficit) surplus</b>		<b>(66,799)</b>	<b>(428,093)</b>	<b>642,126</b>
<b>Accumulated surplus (deficit), beginning of year</b>		<b>585,298</b>	<b>585,298</b>	<b>(56,828)</b>
<b>Accumulated surplus, end of year (Note 14)</b>		<b>518,499</b>	<b>157,205</b>	<b>585,298</b>

*The accompanying notes are an integral part of these financial statements*

**Pheasant Rump Nakota First Nation #68**  
**Consolidated Statement of Change in Net Debt**

*For the year ended March 31, 2016*

	2016 Budget (Note 18)	2016	2015
<b>Annual (deficit) surplus</b>	<b>(66,799)</b>	<b>(428,093)</b>	<b>642,126</b>
Purchases of tangible capital assets	-	(152,342)	(229,831)
Amortization of tangible capital assets	-	142,348	121,265
Gain on disposal of tangible capital assets	-	-	(35,378)
Proceeds of disposal of tangible capital assets	-	-	42,905
	-	(9,994)	(101,039)
Acquisition of prepaid expenses	-	(1,500)	-
Use of prepaid expenses	-	-	8,025
	-	(1,500)	8,025
<b>(Increase) decrease in net debt</b>	<b>(66,799)</b>	<b>(439,587)</b>	<b>549,112</b>
<b>Net debt, beginning of year</b>	<b>(458,870)</b>	<b>(458,870)</b>	<b>(1,007,982)</b>
<b>Net debt, end of year</b>	<b>(525,669)</b>	<b>(898,457)</b>	<b>(458,870)</b>

**Pheasant Rump Nakota First Nation #68**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2016*

	<b>2016</b>	<b>2015</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual (deficit) surplus	(428,093)	642,126
Non-cash items		
Amortization	142,348	121,265
Bad debts	5,019	6,656
Change in deferred revenue	(223,120)	310,672
Gain on disposal of tangible capital assets	-	(35,378)
	<b>(503,846)</b>	1,045,341
Changes in working capital accounts		
Accounts receivable	10,077	(104,007)
Prepaid expenses	(1,500)	8,025
Accounts payable and accruals	166,788	(153,412)
	<b>(328,481)</b>	795,947
<b>Financing activities</b>		
Advances of debt	262,377	-
Repayment of debt	(166,621)	(161,156)
Increase in funds held in trust	(35,411)	(39,046)
Drawings (advances) of bank indebtedness	62,077	(60,259)
	<b>122,422</b>	(260,461)
<b>Capital activities</b>		
Purchases of tangible capital assets	(152,342)	(229,831)
Proceeds of disposal of tangible capital assets	-	42,905
	<b>(152,342)</b>	(186,926)
<b>(Decrease) increase in cash resources</b>	<b>(358,401)</b>	348,560
<b>Cash resources, beginning of year</b>	<b>430,240</b>	81,680
<b>Cash resources, end of year</b>	<b>71,839</b>	430,240
<b>Supplementary cash flow information</b>		
Interest paid	29,375	34,147

# Pheasant Rump Nakota First Nation #68

## Notes to the Financial Statements

*For the year ended March 31, 2016*

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### 1. Operations

The Pheasant Rump Nakota First Nation #68 (the "First Nation") is located in the province of Saskatchewan, and provides various services to its members. Pheasant Rump Nakota First Nation #68 includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

### 2. Significant accounting policies

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

#### ***Basis of presentation***

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

#### ***Reporting entity***

The financial statements consolidate the financial activities of all entities and departments comprising the Nation reporting entity.

The Nation has consolidated the assets, liabilities, revenues and expenses of the following entities:

- Pheasant Rump Nakota First Nation
- Pheasant Rump Nakota First Nation CMHC Housing

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.

#### ***Other economic interests***

Pheasant Rump Nakota First Nation is a member of Yorkton Tribal Council Child and Family Services Incorporated. The Yorkton Tribal Council Child and Family Services Incorporated is an organization of thirteen member First Nations, whose purpose is to provide child and family services to the thirteen member Nations.

The First Nation does not have a share in the profit or loss of the above entity. As a result, the financial statements of Yorkton Tribal Council Child and Family Services Incorporated have not been consolidated with the financial statements of Pheasant Rump Nakota First Nation.

#### ***Cash resources***

Cash resources include balances with banks and short-term investments with maturities of one year or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash. Funds held in trust by INAC for the First Nation and the cash on deposit in CMHC reserve accounts are recorded as restricted assets.

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

Funds are held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund. Trust moneys 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 fund moneys are recognized when measurable, earned and collection is reasonable assured. These moneys are reported on by the Government of Canada.

**Pheasant Rump Nakota First Nation #68**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2016*

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

**Tangible capital assets**

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

**Amortization**

Amortization for tangible capital assets is provided using the following method at rates intended to amortize the cost over their estimated useful lives. In the year of acquisition, amortization is taken at 1/2 of the annual amount.

	Method	Rate
Buildings	straight-line	25 Years
Automotive equipment	straight-line	4 Years
Equipment	straight-line	5 Years
Housing	straight-line	10-20 Years
Infrastructure	straight-line	20 Years

**Provision for site rehabilitation**

The First Nation is reviewing environmental objectives and liabilities for its activities and potential site reclamation and restoration obligations of a landfill. The First Nation has yet to determine the amounts of such obligations.

**Long-lived assets**

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the assets' carrying amount. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in annual deficit for the year.

**Intangible assets**

The First Nation owns mineral rights, water resources and lands inherited from the Crown. These items are not recognized in the First Nation's financial statements in accordance with PS 1200 *Financial Statement Presentation*.

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

# Pheasant Rump Nakota First Nation #68

## Notes to the Financial Statements

*For the year ended March 31, 2016*

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

#### ***Measurement uncertainty***

The preparation of 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 financial statements, and the reported amounts of revenue and expenses during the reporting period. Accounts receivable, and amounts due from related Nation entities and departments, are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the First Nation is responsible for.

These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the records of the periods in which they become known.

#### ***Revenue recognition***

##### **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.

##### **Externally restricted revenue**

The First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the First Nation records externally restricted inflows in deferred revenue.

##### **Tax revenue**

The First Nation recognizes taxes as assets and revenue when they meet the definition of an asset; are authorized by a legislature, council, or legislative convention; and the taxable event has occurred.

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the First Nation evaluates the tax receivable for collectability and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

##### **Other revenue**

Rental revenue is recognized over the rental term. Investment income is recognized as it is earned. Other revenues are earned from services provided by the First Nation and are recognized when the service has been provided.

The First Nation received a significant amount of revenue from various oil companies. This revenue is a result of lease agreements pertaining to mineral rights on designated reserve land owned by the First Nation. Royalties are paid on a monthly basis to the First Nation and the First Nation receives a reconciliation of how the royalties were determined with the royalty cheque. There is no set amount to be paid yearly; the royalties fluctuate based on the volumes produced and oil prices.

**Pheasant Rump Nakota First Nation #68**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2016*

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

**Reserves**

**Trust Funds**

The Ottawa Trust accounts arise from funds derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. A reserve is recorded equal to the funds held in trust by the Government of Canada.

**CHMC**

The First Nation has entered into agreements with CMHC that require that a reserve be established for future replacement costs.

**Segments**

The First Nation conducts its business through 9 reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information and are apportioned based on a percentage of budgeted revenue, where permitted by the funding agencies.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

***Liability for contaminated sites***

A liability for remediation of contaminated sites is recognized at the best estimate of the amount required to remediate the contaminated sites 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, 2016.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

**Pheasant Rump Nakota First Nation #68**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2016*

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

***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. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2019.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods including comparative information, are not restated. The First Nation has not yet determined the effect of these new standards on its financial statements.

**Related Party Disclosures and Inter-Entity Transactions**

In March 2015, the Public Sector Accounting Board (PSAB) issued PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions. These new Sections define related parties and establish disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

They also establish standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

This standards are effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted. The First Nation has not yet determined the effect of these new standards on its financial statements.

**Pheasant Rump Nakota First Nation #68**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2016*

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

**Assets**

In June 2015, the PSAB issued PS 3210 Assets. The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The First Nation has not yet determined the effect of these new standards on its financial statements.

**Contractual Rights**

In June 2015, the PSAB issued PS 3380 Contractual Rights. Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future. Until a transaction or events occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right. Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent and timing. The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The First Nation has not yet determined the effect of these new standards on its financial statements.

**Contingent Assets**

In June 2015, the PSAB issued PS 3320 Contingent Assets. Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset. Disclosures should include existence, nature and extent of contingent assets, as well as the reasons for any non-disclosure of extent and the bases for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such disclosure would have an adverse impact on the outcome. The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The First Nation has not yet determined the effect of these new standards on its financial statements.

**3. Cash**

Restricted cash included in cash is consisting of amounts relating to CMHC replacement reserve of \$35,636 (2015 - \$147,835) and the CMHC operating reserve of \$10,702 (2015 - \$2,483).

Restricted cash also consists of cash managed by capital project managers who are responsible for payment of expenses relating to capital projects funded by INAC. At March 31, 2016 this amounted to \$24,893 (2014 - \$251,465).

**Pheasant Rump Nakota First Nation #68**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2016*

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**4. Accounts receivable**

	<b>2016</b>	<b>2015</b>
Health Canada	2,336	43,557
Advances to members	144,227	137,457
Other accounts receivable	161,319	134,662
Oil and Gas lease revenue receivable	4,663	6,947
Less: Allowance for doubtful accounts	312,545	322,623
	128,730	123,712
	<b>183,815</b>	198,911

**5. Funds held in trust**

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Council.

	<b>2016</b>	<b>2015</b>
<b>Capital Trust</b>		
Balance, beginning and end of year	4,184	4,184
<b>Revenue Trust</b>		
Balance, beginning of year	139,786	112,262
Interest	3,071	2,923
Lease	24,602	24,601
Balance, end of year	<b>167,459</b>	139,786
<b>Suspense</b>		
Balance, beginning of year	11,522	-
Interest	72	-
Lease	7,665	11,522
Balance, end of year	<b>19,259</b>	11,522
	<b>190,902</b>	155,492

**6. Bank indebtedness**

Bank indebtedness includes a line of credit amounting to \$85,000, of which \$14,113 was withdrawn at March 31, 2016. The line of credit bears interest at prime plus 5%. Funding from Indigenous and Northern Affairs Canada is pledged as collateral. Remaining balance of bank indebtedness is cheques issued in excess of deposits.

During the year, the First Nation obtained a \$200,000 revolving lease line of credit, of which none was withdrawn at March 31, 2016.

**Pheasant Rump Nakota First Nation #68**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2016*

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**7. Deferred revenue**

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Funds received</i>	<i>Recognized as revenue</i>	<i>Balance, end of year</i>
Provincial Disaster Recovery Program	<b>24,964</b>	-	-	<b>24,964</b>
Yorkton Tribal Council Child and Family Services	-	<b>25,190</b>	-	<b>25,190</b>
INAC - Flood Road Recovery	<b>310,672</b>	<b>254,100</b>	<b>502,410</b>	<b>62,362</b>
	<b>335,636</b>	<b>279,290</b>	<b>502,410</b>	<b>112,516</b>

**8. Term loans subject to refinancing**

	<i>2016</i>	<i>2015</i>
Royal Bank of Canada term loan bearing interest at prime plus 3.7% payable in blended monthly installments of \$2,000, maturing in 2017. This loan was subject to refinancing on June 4, 2015.	-	53,937
Royal Bank of Canada term loan bearing interest of 4.90% payable in monthly instalments of \$4,583 plus interest, maturing in November 2018, due on demand, secured by Oil and Gas funds and First Nations Trust funds. This loan was subject to refinancing in August 2015.	-	200,989
<u>Current portion term loans subject to refinancing</u>	<u>-</u>	<u>(76,025)</u>
	<b>-</b>	<b>178,901</b>

**Pheasant Rump Nakota First Nation #68**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2016*

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**9. 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:

CMHC Phase	Monthly Payment Including Interest	Interest Rate	Renewal Date	2016	2015
I	7,555	6.64%	May 1/17	101,564	182,668
II	1,141	2.63%	Jun. 1/16	120,382	130,770
				<b>221,946</b>	313,438
Royal Bank of Canada term loan, interest at prime plus 2.25%, principal and interest payments of \$8,859 monthly, secured by Band Council Resolution and redirection of Oil and Gas Revenues and First Nations Trust funds, matures November 2020.				<b>442,174</b>	-
				<b>664,120</b>	313,438
Less: current portion				<b>183,509</b>	91,331
				<b>480,611</b>	222,107

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2017	183,509
2018	116,742
2019	106,558
2020	111,684
2021	81,407

**10. CMHC Reserve**

Operating reserve

The First Nation's CMHC Housing Program receives funding pursuant to the Post 1997 - Fixed Subsidy Program. Any surpluses are externally restricted and reserved for future operating losses that relate to the operation of houses under this program. Any operating surpluses are retained in an operating reserve fund, which can be used to recover future operating deficits.

Replacement reserve

A replacement reserve has been established for replacement of capital equipment and for major repairs to the houses. The reserve is credited annually in amounts approved by CMHC until the reserve accumulates to the amount specified in the agreements. Any applicable expense is charged against the reserve. Interest income attributable to this reserve fund is credited directly to the replacement reserve fund. Separate reserve funds are maintained for Pre-1997 projects and Post-1996 projects.

At March 31, 2016 the replacement and operating reserve funds are overfunded by \$72,830 (2015 - overfunded by \$41,702).

**Pheasant Rump Nakota First Nation #68**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2016*

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**11. Contingencies**

The First Nation has entered into an agreement with INAC to provide funding for legal costs associated with a legal dispute referred to as "James McArthur vs. Her Majesty the Queen and the Minister of Northern Affairs." No funds were dispersed in the current year.

The First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment in the First Nation fails to comply with the terms and conditions of the agreements. This amount cannot be reasonably estimated at this point in time.

**12. Tangible capital assets**

	<b>Cost</b>	<b>Additions</b>	<b>Disposals</b>	<b>Accumulated amortization</b>	<b>2016 Net book value</b>
Buildings	957,029	-	-	533,034	423,995
Housing	2,234,005	73,119	-	2,058,314	248,810
Equipment	674,203	79,224	-	407,307	346,120
Infrastructure	44,786	-	-	9,549	35,237
	<b>3,910,023</b>	<b>152,343</b>	<b>-</b>	<b>3,008,204</b>	<b>1,054,162</b>

	<b>Cost</b>	<b>Additions</b>	<b>Disposals</b>	<b>Accumulated amortization</b>	<b>2015 Net book value</b>
Buildings	920,304	36,726	-	494,621	462,409
Housing	2,234,005	-	-	2,030,106	203,899
Equipment	499,897	189,363	15,058	335,136	339,066
Infrastructure	41,044	3,742	-	5,992	38,794
	<b>3,695,250</b>	<b>229,831</b>	<b>15,058</b>	<b>2,865,855</b>	<b>1,044,168</b>

During the year end March 31, 2016 amortization expense of \$142,348 (2015 - \$121,265) was recorded of which \$28,208 (2015 - \$34,695) related to Housing, \$72,170 (2015 - \$46,443) relates to Equipment, \$38,413 (2015 - \$36,944) relates to Buildings, and \$3,557 (2015 - \$3,183) relates to Infrastructure.

**13. Economic dependence**

Pheasant Rump Nakota First Nation #68 receives substantially all of its revenues from Indigenous and Northern Affairs Canada (INAC) as a result of Treaties entered into with the government of Canada. These treaties are administered by INAC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

**Pheasant Rump Nakota First Nation #68**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2016*

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**14. Accumulated surplus**

Accumulated surplus consists of the following:

	<b>2016</b>	<b>2015</b>
Equity in Ottawa Trust Funds	<b>190,903</b>	155,492
Equity in Tangible capital assets	<b>789,902</b>	676,792
Equity in CHMC operating reserve	<b>70,764</b>	65,837
Equity in CMHC replacement reserve	<b>37,703</b>	40,296
Unrestricted deficit	<b>(932,067)</b>	(353,119)
	<b>157,205</b>	585,298

The First Nation does not maintain a moveable asset reserve.

**15. INAC Reconciliation**

	<b>2016</b>	<b>2015</b>
INAC funding per confirmation	<b>1,228,966</b>	1,390,176
Special Needs - recovery	-	(489)
Basic Needs - receivable (recovery)	-	(2,449)
Assisted Living - recovery	-	(1,497)
	<b>1,228,966</b>	1,385,741
Deferred revenue - beginning of year	<b>310,672</b>	-
Deferred revenue - end of year	<b>(62,363)</b>	(310,672)
	<b>248,309</b>	(310,672)
Funding total per financial statements	<b>1,477,275</b>	1,075,069

**Pheasant Rump Nakota First Nation #68**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2016*

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**16. Reconciliation of funding from Health Canada**

	<b>2016</b>	<b>2015</b>
<b>Funding per Health Canada confirmation</b>	<b>391,978</b>	288,593
<b>Less: recoveries</b>		
Mental health	-	(101)
Health services/board/coordination	-	(2,962)
FASD	-	(2,700)
COHI	-	(891)
Communicable disease emergencies	-	(1,000)
FNIHCC	-	(17)
Brighter futures	-	(1)
NNADAP	-	(2)
Solvent abuse program	-	(3)
	-	(7,677)
<b>Funding total per financial statements</b>	<b>391,978</b>	280,916

**17. Segments**

The First Nation has 9 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

**Community Development** - includes activities for the maintenance of the community and its infrastructure.

**Economic Development** - includes activities for future Nation business activities.

**Education** - includes the operations of education programs.

**Government Support** - includes administration and governance activities.

**Social Development** - activities include delivering social programs.

**Registration and Membership** - includes the administration of band membership.

**Health** - includes the operations of health care programs.

**CMHC Housing** - includes the operations of CMHC housing units.

**Other Band Programs** - other band programs not funded by INAC or Health Canada.

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

**Pheasant Rump Nakota First Nation #68**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2016*

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**18. Budget information**

The disclosed budget information is retrieved from the First Nation's five year Master Action Plan approved by Council and INAC in 2012.

**Reconciliation to approved budget**

Total revenues per approved budget	\$2,026,080
Less: Transfers included in revenue	(343,748)
Total revenue per Statement of Operations	1,682,332
Total expenditures per approved budget	\$1,962,786
Less: Transfers included in expenditures	(213,655)
Total expenditures per Statement of Operations	1,749,131
Surplus per approved budget	\$66,294
Deficit per Statement of Operations	\$(66,799)

**19. Comparative figures**

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

**Pheasant Rump Nakota First Nation #68**  
**Schedule 1 - Schedule of Consolidated Expenses by Object**

*For the year ended March 31, 2016*

	2016 <i>Budget</i> <i>(Note 18)</i>	2016	2015
<b>Consolidated expenses by object</b>			
Repairs and maintenance	204,564	813,303	486,340
Contracted services	35,062	511,279	150,101
Salaries and benefits	445,189	521,862	450,077
Professional fees	48,648	220,602	348,963
Assistance	146,143	153,527	113,651
Amortization	-	142,348	121,265
Living allowance	82,000	127,233	98,353
Travel	80,620	105,930	77,994
Supplies	59,081	102,762	144,944
Program expense	23,500	60,541	49,907
Elders	10,500	94,013	82,628
Insurance	28,114	78,487	64,161
Transportation	50,050	64,310	35,479
Food and beverage	2,292	62,413	35,456
Tuition	42,100	57,478	30,799
Professional development	31,878	44,133	32,772
Training	46,333	34,642	30,816
Utilities	76,300	32,839	67,264
Interest on long-term debt	36,054	29,375	34,147
Meeting	19,288	27,324	9,848
Telephone	24,950	21,548	17,594
Student expenses	21,488	21,123	18,235
Community donations	12,000	19,235	12,887
Bank charges and interest	3,720	9,115	2,844
PCD Payments	-	6,000	83,000
Bad debts (recovery)	-	5,019	6,656
Honouraria (recovery)	-	1,877	(9,600)
Administration	112,757	-	-
Health administration	-	35,982	-
Management fees	106,500	-	44,600
	<b>1,749,131</b>	<b>3,404,300</b>	<b>2,641,181</b>

**Pheasant Rump Nakota First Nation #68**  
**Community Development**  
**Schedule 2 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<b>2016 Budget (Note 18)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	211,527	741,631	451,355
Other	-	2,994	8,258
Rental income	5,400	-	-
	<b>216,927</b>	<b>744,625</b>	<b>459,613</b>
<b>Expenses</b>			
Repairs and maintenance	109,534	563,855	319,776
Amortization	-	79,247	75,440
Contracted services	-	78,010	47,131
Insurance	11,614	49,485	41,328
Salaries and benefits	68,117	43,702	59,157
Utilities	71,300	27,584	55,356
Professional fees	-	20,120	9,291
Administration	6,875	15,685	13,605
Travel	-	5,761	621
Professional development	2,385	1,868	9,350
Supplies	17,300	828	4,772
Bank charges and interest	-	73	39
Telephone	450	26	-
Meeting	-	-	797
	<b>287,575</b>	<b>886,244</b>	<b>636,663</b>
<b>Deficit before transfers</b>	<b>(70,648)</b>	<b>(141,619)</b>	<b>(177,050)</b>
<b>Transfers between programs</b>	<b>(62,445)</b>	<b>-</b>	<b>20,000</b>
<b>Deficit</b>	<b>(133,093)</b>	<b>(141,619)</b>	<b>(157,050)</b>

**Pheasant Rump Nakota First Nation #68**  
**Economic Development**  
**Schedule 3 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<b>2016 Budget (Note 18)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	<b>30,800</b>	<b>119,800</b>	30,800
<b>Expenses</b>			
Contracted services	-	<b>33,321</b>	1,500
Salaries and benefits	-	<b>29,139</b>	14,000
Professional fees	-	<b>20,650</b>	8,889
Meeting	-	<b>14,970</b>	-
Travel	<b>27,720</b>	<b>13,004</b>	4,372
Administration	<b>3,080</b>	<b>3,080</b>	3,198
Supplies	-	<b>2,311</b>	1,201
Program expense	-	<b>2,000</b>	-
Food and beverage	-	<b>242</b>	-
	<b>30,800</b>	<b>118,717</b>	33,160
<b>Surplus (deficit)</b>	<b>-</b>	<b>1,083</b>	(2,360)

**Pheasant Rump Nakota First Nation #68**  
**Education**  
**Schedule 4 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<b>2016 Budget (Note 18)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	<b>266,249</b>	<b>261,058</b>	267,555
Other	-	288	-
	<b>266,249</b>	<b>261,346</b>	267,555
<b>Expenses</b>			
Living allowance	82,000	100,940	79,215
Transportation	50,050	64,260	35,110
Tuition costs	42,100	55,689	22,749
Administration	22,340	26,103	34,822
Salaries and benefits	31,000	20,358	22,717
Student expenses	21,488	15,055	12,203
Supplies	9,771	11,440	20,011
Amortization	-	5,250	2,625
Contracted services	-	2,678	1,020
Repairs and maintenance	-	2,245	355
Program expense	500	1,235	-
Travel	3,500	1,164	367
Meeting	3,500	434	725
Professional fees	-	217	626
Professional development	-	125	-
Interest on long-term debt	-	-	181
Insurance	-	-	1,001
Food and beverage	-	-	1,000
	<b>266,249</b>	<b>307,193</b>	234,727
<b>(Deficit) surplus</b>	<b>-</b>	<b>(45,847)</b>	32,828

**Pheasant Rump Nakota First Nation #68**  
**Government Support**  
**Schedule 5 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<b>2016 Budget (Note 18)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	177,120	209,131	211,620
Other	-	19,415	4,017
Loss on disposal of tangible capital assets	-	-	(5,529)
	<b>177,120</b>	<b>228,546</b>	210,108
<b>Expenses</b>			
Salaries and benefits	95,000	172,537	99,444
Travel	29,000	52,426	46,780
Professional fees	25,000	38,685	98,624
Supplies	6,500	22,554	26,515
Contracted services	-	21,701	12,761
Telephone	18,000	21,521	17,594
Professional development	-	9,198	4,176
Bank charges and interest	3,600	8,882	2,662
Amortization	-	6,867	6,867
Bad debts	-	5,019	6,656
Repairs and maintenance	1,500	2,647	6,923
Meeting	-	1,119	-
Food and beverage	-	185	1,632
Program expense	-	68	3,107
Interest on long-term debt	-	-	809
Honouraria	-	-	800
Management fees	102,000	-	44,600
	<b>280,600</b>	<b>363,409</b>	379,950
<b>Deficit before transfers</b>	<b>(103,480)</b>	<b>(134,863)</b>	<b>(169,842)</b>
<b>Transfers between programs</b>	<b>103,480</b>	<b>80,000</b>	<b>80,000</b>
<b>Deficit</b>	<b>-</b>	<b>(54,863)</b>	<b>(89,842)</b>

**Pheasant Rump Nakota First Nation #68**  
**Social Development**  
**Schedule 6 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<b>2016 Budget (Note 18)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	221,994	140,655	108,739
<b>Expenses</b>			
Assistance	146,143	123,785	92,079
Food and beverage	-	24,236	161
Salaries and benefits	31,218	21,791	26,186
Administration	10,400	2,692	817
Professional development	2,100	481	380
Contracted services	-	420	300
Travel	1,000	50	-
Supplies	-	-	72
Training	31,133	-	-
Honouraria	-	-	100
	<b>221,994</b>	<b>173,455</b>	<b>120,095</b>
<b>Deficit</b>	<b>-</b>	<b>(32,800)</b>	<b>(11,356)</b>

**Pheasant Rump Nakota First Nation #68**  
**Registration and Membership**  
**Schedule 7 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<b>2016 Budget (Note 18)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	5,000	5,000	5,000
Other	- 1,313	1,313	-
	<b>5,000</b>	<b>6,313</b>	<b>5,000</b>
<b>Expenses</b>			
Salaries and benefits	-	2,610	1,850
Contracted services	-	1,500	89
Travel	-	841	-
Supplies	1,000	26	722
Repairs and maintenance	1,000	-	-
Administration	3,000	-	-
Professional fees	-	-	500
	<b>5,000</b>	<b>4,977</b>	<b>3,161</b>
<b>Surplus</b>	<b>-</b>	<b>1,336</b>	<b>1,839</b>

**Pheasant Rump Nakota First Nation #68**  
**Health**  
**Schedule 8 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<b>2016 Budget (Note 18)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Health Canada	271,018	391,978	280,916
Other	-	4,810	111
	<b>271,018</b>	<b>396,788</b>	<b>281,027</b>
<b>Expenses</b>			
Salaries and benefits	102,154	133,840	101,867
Contracted services	11,062	58,719	56,505
Administration	35,842	34,739	26,178
Professional development	26,393	25,451	11,772
Professional fees	6,648	23,961	11,470
Program expense	18,000	23,507	19,911
Training	12,700	21,999	2,167
Travel	16,200	17,482	16,409
Repairs and maintenance	10,500	15,704	11,650
Supplies	16,610	13,778	18,454
Food and beverage	2,292	12,262	12,672
Insurance	5,000	5,917	4,512
Meeting	15,788	4,989	-
Elders	500	1,685	100
Honouraria	-	1,627	1,600
Utilities	5,000	1,077	6,488
Management fees	4,500	-	-
Telephone	1,500	-	-
	<b>290,689</b>	<b>396,737</b>	<b>301,755</b>
<b>Surplus (deficit) before transfers</b>	<b>(19,671)</b>	<b>51</b>	<b>(20,728)</b>
<b>Transfers between programs</b>	<b>19,671</b>	<b>-</b>	<b>-</b>
<b>Surplus (deficit)</b>	<b>-</b>	<b>51</b>	<b>(20,728)</b>

**Pheasant Rump Nakota First Nation #68**  
**CMHC Housing**  
**Schedule 9 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<b>2016 Budget (Note 18)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
CMHC	60,224	55,946	55,946
Rental income	25,000	16,503	7,823
Interest income (recovery)	-	339	(355)
Other	-	300	-
Gain on disposal of tangible capital assets	-	-	40,907
	<b>85,224</b>	<b>73,088</b>	<b>104,321</b>
<b>Expenses</b>			
Repairs and maintenance	29,330	196,729	132,087
Contracted services	-	33,770	6,945
Amortization	-	26,195	26,195
Insurance	10,000	18,234	14,939
Interest on long-term debt	36,054	12,863	18,253
Administration	8,720	8,720	8,720
Professional fees	1,000	7,920	5,988
Supplies	-	3,874	15,476
Travel	-	942	257
Program expense	-	880	-
Meeting	-	448	-
Bank charges and interest	120	73	143
	<b>85,224</b>	<b>310,648</b>	<b>229,003</b>
<b>Deficit</b>	<b>-</b>	<b>(237,560)</b>	<b>(124,682)</b>

**Pheasant Rump Nakota First Nation #68**  
**Other Band Programs**  
**Schedule 10 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<b>2016 Budget (Note 18)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Grants	-	204,690	-
First Nations Trust	120,000	152,203	151,804
Painted Hand CDC	24,000	124,303	194,920
FSIN	107,000	114,500	114,500
Oil and Gas	120,000	81,214	915,535
Other	-	78,137	50,868
Gravel	-	64,500	159,960
SIIT	37,000	63,187	70,716
Taxes	-	59,633	118,794
Rental income	-	32,267	36,124
Recovery of contingent liability	-	27,269	-
Interest income	-	3,144	2,922
	<b>408,000</b>	<b>1,005,047</b>	<b>1,816,143</b>
<b>Expenses</b>			
Contracted services	24,000	281,160	23,849
Professional fees	16,000	109,049	213,575
Salaries and benefits	117,700	97,885	124,856
Elders	10,000	92,328	82,528
Supplies	7,900	47,950	57,721
Health administration	-	35,982	-
Program expense	5,000	32,852	26,889
Repairs and maintenance	52,700	32,123	15,549
Assistance	-	29,742	21,572
Living allowance	-	26,293	19,138
Food and beverage	-	25,492	19,990
Amortization	-	24,789	10,138
Community donations	12,000	19,235	12,887
Interest on long-term debt	-	16,512	14,905
Travel	3,200	14,260	9,187
Training	2,500	12,643	28,649
Professional development	1,000	7,009	7,095
Student expenses	-	6,068	6,032
PCD Payments	-	6,000	83,000
Meeting	-	5,363	8,326
Insurance	1,500	4,851	2,382
Utilities	-	4,178	5,420
Tuition	-	1,789	8,050
Honouraria (recovery)	-	250	(12,100)
Bank charges and interest	-	87	-
Transportation	-	50	369
Telephone	5,000	-	-
Administration (recovery)	22,500	(91,019)	(87,340)
	<b>281,000</b>	<b>842,921</b>	<b>702,667</b>
<b>Surplus before transfers</b>	<b>127,000</b>	<b>162,126</b>	<b>1,113,476</b>
<b>Transfers between programs</b>	<b>(60,706)</b>	<b>(80,000)</b>	<b>(100,000)</b>
<b>Surplus</b>	<b>66,294</b>	<b>82,126</b>	<b>1,013,476</b>