

Consolidated Financial Statements of

# **PIIKANI NATION**

Year ended March 31, 2016

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

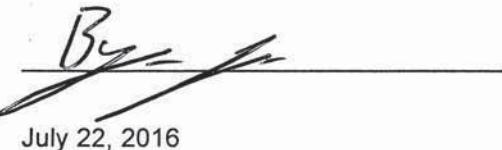
Management of the Piikani Nation (the "Nation") is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Nation's financial position as at March 31, 2016 and the results of its operations for the year then ended.

The financial statements have been prepared in accordance with Canadian public sector accounting standards. Financial statements are not precise, since they include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintained a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

Chief and Council carries out its responsibilities for review of the financial statements. The members of the Council are not officers or employees of the Nation. The Council meets regularly with management, and external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Chief and Council with and without the presence of management. The Chief and Council of the Piikani Nation has approved the financial statements.

The financial statements for the year ended March 31, 2016 have been reported on by KPMG LLP, the external auditor. The Independent Auditors' Report outlines the scope of their examination and provides their opinion on the fairness of presentation of the information in the financial statements.



July 22, 2016



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## Independent Auditors' Report

To the Members of the Piikani Nation

We were engaged to audit the accompanying consolidated financial statements of Piikani Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2016, the consolidated statements of operations and accumulated surplus, change in net financial assets (debt) and cash flows for the year then ended, and notes, comprising 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 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 of the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Piikani Nation at March 31, 2016, and the results of its operations, change in net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants

July 22, 2016  
Lethbridge, Canada

# PIIKANI NATION

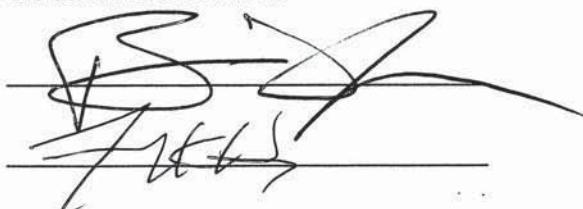
## Consolidated Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
<b>Financial assets:</b>		
Cash	\$ 7,133,689	\$ 6,729,787
Restricted cash	--	817,429
Investments (note 3)	6,660,705	6,834,727
Accounts receivable (note 4)	2,001,158	1,480,829
Trust funds (note 5)	2,622,172	2,680,130
Other	146,660	103,231
Inventory	1,326,206	2,930,810
Notes receivable	626,029	723,667
	<u>20,516,619</u>	<u>22,300,610</u>
<b>Financial liabilities:</b>		
Bank indebtedness (note 8)	381,478	269,948
Accounts payable and accrued liabilities	3,775,553	1,998,784
Deferred revenue (note 7)	3,522,771	5,415,603
Long-term debt (note 9)	19,843,001	14,893,380
	<u>27,522,803</u>	<u>22,577,715</u>
<b>Net financial debt</b>	<b>(7,006,184)</b>	<b>(277,105)</b>
<b>Non-financial assets:</b>		
Tangible capital assets (note 6)	51,402,667	42,066,464
Prepaid expenses	200,220	79,446
Alberta Electrical Connection Operator's License (note 18)	53,000	53,000
	<u>51,655,887</u>	<u>42,198,910</u>
Economic dependence (note 11)		
Contingent liabilities (note 16)		
Commitments (note 19)		
<b>Accumulated surplus (note 10)</b>	<b>\$ 44,649,703</b>	<b>\$ 41,921,805</b>

See accompanying notes to consolidated financial statements.

On behalf of the Nation:



# PIIKANI NATION

## Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2016, with comparative information for 2015

	Budget (note 17)	2016	2015
<b>Revenue:</b>			
Indigenous and Northern Affairs			
Canada (note 12)	\$ 15,062,867	\$ 16,874,088	\$ 16,432,631
Revenue on trust funds	143,000	2,162,250	308,342
Trust funds disbursed	--	2,220,208	127,354
Health Canada	3,565,427	3,555,004	3,404,169
Settlement revenue	--	4,224,272	2,568,175
Permit revenue	1,512,400	2,301,432	1,142,735
Other	7,440,300	10,246,602	10,585,877
	27,723,994	41,583,856	34,569,283
Deferred revenue, beginning of year	--	5,415,603	6,360,899
Deferred revenue, end of year	--	(3,522,771)	(5,415,603)
	--	1,892,832	945,296
	27,723,994	43,476,688	35,514,579
<b>Expenses:</b>			
Salaries, wages and benefits	8,425,951	10,537,496	10,097,885
Chief and council honourariums and travel (note 15)	691,000	1,085,417	700,032
Energy purchases	175,316	158,397	178,982
Per capita distribution	--	148,400	300,000
Trust settlement	--	--	2,745,565
Elections and referendums	--	--	71,687
Interest on long-term debt	8,340	167,675	282,173
Insurance	146,612	265,515	214,580
Social assistance	2,690,382	2,830,903	2,490,965
Professional fees	1,049,583	991,084	1,149,954
Utilities and telephone	353,973	377,279	375,951
Travel, meetings and conferences	658,442	725,935	795,461
Projects and programs	8,818,635	10,946,767	6,105,705
Office and administration	1,560,047	1,263,432	1,250,154
Interest and bank charges	23,873	70,747	29,497
Committee expenses	50,611	93,927	63,651
Consulting	--	513,285	--
Repairs and maintenance	749,240	2,901,585	2,627,210
Settlement fund distribution	--	2,889,779	2,057,540
Other	1,387,576	1,608,069	1,406,918
Amortization	--	3,215,380	2,697,372
	26,789,581	40,791,072	35,641,282
	934,413	2,685,616	(126,703)
Gain (loss) on sale of capital assets	--	42,282	(18,132)
Excess (deficiency) of revenue over expenses	934,413	2,727,898	(144,835)
Accumulated surplus, beginning of year	41,921,805	41,921,805	42,066,640
Accumulated surplus, end of year	\$ 42,856,218	\$ 44,649,703	\$ 41,921,805

See accompanying notes to consolidated financial statements.

# PIIKANI NATION

## Consolidated Statement of Change in Net Financial Assets (Debt)

Year ended March 31, 2016, with comparative information for 2015

	Budget	2016	2015
	(note 17)		
Excess (deficiency) of revenue over expenses	\$ 934,413	\$ 2,727,898	\$ (144,835)
Acquisition of tangible capital assets	--	(12,586,960)	(4,338,539)
Amortization of tangible capital assets	--	3,215,380	2,697,372
Loss (gain) on disposal of tangible capital assets	--	(42,282)	18,132
Proceeds on sale of tangible capital assets	--	77,659	1
Change in prepaid expenses	--	(120,774)	11,648
	934,413	(9,456,977)	(1,611,386)
Change in net financial assets (debt)	934,413	(6,729,079)	(1,756,221)
Net financial assets (debt), beginning of year	(277,105)	(277,105)	1,479,116
Net financial assets (debt), end of year	\$ 657,308	\$ (7,006,184)	\$ (277,105)

See accompanying notes to consolidated financial statements.

# PIIKANI NATION

## Consolidated Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
<b>Cash provided by (used in):</b>		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 2,727,898	\$ (144,835)
Items not involving cash:		
Amortization	3,215,380	2,697,372
Loss (gain) on disposal of tangible capital assets	(42,282)	18,132
Gross revenue earned on trust funds	(2,162,250)	(308,342)
Equity earnings in Oldman River Hydro Joint Venture	(864,754)	(1,070,603)
Principal forgiven loans	(3,099)	--
Trust settlement	--	2,745,565
Bad debts	723,666	--
Change in non-cash operating assets and liabilities:		
Inventory	1,604,604	(1,261,703)
Accounts receivable	(522,133)	524,828
Notes receivable	(626,029)	(21,718)
Accounts payable and accrued liabilities	1,627,869	(3,054,250)
Deferred revenue	(1,892,832)	(945,296)
Advance of future funding	--	(754,725)
Other	(43,426)	20,287
Prepaid expenses	(120,774)	11,648
	3,621,838	(1,543,640)
Capital activities:		
Acquisition of tangible capital assets	(12,586,960)	(4,338,539)
Proceeds on disposal of tangible capital assets	77,659	1
	(12,509,301)	(4,338,538)
Financing activities:		
Proceeds on long-term debt	5,853,986	25,660
Payments on long-term debt	(892,587)	(808,333)
Decrease in amounts due to Settlement Trust	--	(3,241,911)
Increase in long-term debt resulting from trust settlement	--	5,934,629
	4,961,399	1,910,045
Investing activities:		
Decrease (increase) in investments	322,091	(18,141)
Trust funds disbursed	2,220,208	127,354
Distributions - Oldman River Hydro Joint Venture	858,708	528,469
Decrease (increase) in restricted funds	817,429	(305,385)
	4,218,436	332,297
Increase (decrease) in cash	292,372	(3,639,836)
Cash, beginning of year	6,459,839	10,099,675
Cash, end of year	<u>\$ 6,752,211</u>	<u>\$ 6,459,839</u>
Cash consists of the following:		
Cash and cash equivalents	\$ 7,133,689	\$ 6,729,787
Bank indebtedness	(381,478)	(269,948)
	<u>\$ 6,752,211</u>	<u>\$ 6,459,839</u>

See accompanying notes to consolidated financial statements.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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Piikani Nation is an aboriginal organization that represents Piikani Members in Southern Alberta.

### **1. Significant accounting policies:**

The financial statements of Piikani Nation (the "Nation") are prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the Nation are as follows:

#### **(a) Reporting Entity:**

The Piikani Nation reporting Entity includes the Piikani Nation government and all related entities that are accountable to the First Nation and are either owned or controlled by the Piikani Nation.

The consolidated financial statements include the assets, liabilities and results of operations for the following entities:

Piikani Nation - Government  
Ky-Naak-Ku-Kan Housing Corporation  
Peigan Board of Education  
Piikani Resource Development Ltd.  
1559725 Alberta Ltd.

Piikani Social Development  
Peigan Indian Rural Electrification Association  
Oldman Irrigation Ltd.  
Piikani Child and Family Services  
Napiichktaa Environmental Impact Solutions Inc.

#### **(b) Basis of accounting:**

The Nation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### 1. Significant accounting policies (continued):

#### (c) Revenue recognition:

##### Government transfers:

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Government transfers, contributions and other amounts are received from third parties pursuant to legislations, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

##### Indigenous and Northern Affairs Canada ("INAC"):

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

##### Canada Mortgage and Housing Corporation ("CMHC"):

CMHC revenue is recognized as it becomes receivable under the terms of the 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.

##### Health Canada:

Health Canada provides funding for specific purposes. Funds allocated to a specific purpose, which have not been expended for that purpose by the fiscal year end of the entity, are recorded as deferred revenue and appear as a liability on the statement of financial position. These funds are reported as revenues in the year the specific expenditures are incurred.

##### Treaty 7 Economic Development Corporation ("Treaty 7"):

Treaty 7 provides funding for specific purposes. Funds allocated to a specific purpose, which have not been expended for that purpose by the fiscal year end of the entity, are recorded as deferred revenue and appear as a liability on the statement of financial position. These funds are reported as revenues in the year the specific expenditures are incurred.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### 1. Significant accounting policies (continued):

#### (d) Deferred revenue:

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

#### (e) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

#### (f) Employee future benefits:

The Nation and its employees participate in a multi-employer defined contribution pension plan. The contributions are expensed as incurred.

#### (g) Investments:

Investments include a 25% interest in the Oldman River Hydro Joint Venture and are recorded on the equity basis. All other investments are recorded at cost.

#### (h) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### 1. Significant accounting policies (continued):

#### (h) Non-financial assets (continued):

##### (i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Buildings and improvements	20-40
Infrastructure, distribution systems and engineering structures	20-33
Automotive, machinery and equipment	3-5
Furniture and equipment	5
Computer equipment	3

When conditions indicate that a tangible capital asset no longer contributes to the Nation's ability to provide goods and services, or the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the net book value of the tangible capital asset is written down to reflect the decline in the tangible capital assets net book value.

Assets under construction are not amortized until the asset is available for productive use.

##### (ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

##### (iii) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

##### (iv) Interest capitalization

The Nation does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

##### (v) Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### 1. Significant accounting policies (continued):

#### (i) Inventory held for resale:

Housing inventory is measured at the lower of cost or net realizable value using the specific item basis. Costs consist of the cost of raw materials and other costs that bring the housing units to marketable condition.

Inventories of agricultural product and biological assets are valued at the lower of cost and estimated net realizable value.

The actual amount that will be realized for the inventories may be more or less than this value.

When circumstances exist where the estimated amounts that will be realized from the inventory is less than cost it is written down to the estimated net realizable value. When circumstances which previously resulted in inventories to be written down no longer exist the previous impairment is reversed.

#### (j) Asset retirement obligation:

The Nation is subject to regulations requiring the repair, removal and disposal of friable asbestos. The obligation, under these regulations meets the definition of a conditional asset retirement obligation.

As a result of the longevity of the Nation's facilities, due in part to the Nation's maintenance procedures, and the fact that the Nation does not have plans for major changes that would require the removal of asbestos, the timing of the removal of asbestos in the Nation's facilities is indeterminable at year end. As a result, the Nation is currently unable to estimate the fair value of its asbestos removal and disposal obligation. Therefore, expenditures are recorded in accounts as they are incurred.

#### (k) Use of estimates:

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 revenues and expenses during the period.

Actual results could differ from these estimates.

#### (l) Cash and cash equivalents:

Cash and cash equivalents consists of cash on hand and deposits which are highly liquid with original maturities of less than three months at the date of acquisition. These financial assets are convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### **2. Recent accounting pronouncements:**

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board (PSAB). In 2017, the Entity will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

#### 1. PS 1201- Financial Statement Presentation

The implementation of this standard requires a new statement of re-measurement gains and losses separate from the statement of operations. This new statement will include the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currency. This standard is effective for fiscal years beginning on or after April 1, 2019.

#### 2. PS 3450- Financial Instruments

This section establishes recognition, measurement, and disclosure requirements for derivative and non-derivative instruments. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the government. Unrealized gains and losses will be presented on the new statement of re-measurement gains and losses arising from the adoption of PS 1201. There will also be a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. As the Entity does not invest in derivatives or equity instruments based on its investment policy, it is anticipated that the adoption of this standard will have a minimal impact on the Entity. This standard is effective for fiscal years beginning on or after April 1, 2019.

#### 3. PS 2601 - Foreign Currency Translation

This section establishes guidance on the recognition, measurement, presentation and disclosure of assets and liabilities denominated in foreign currencies. The Section requires monetary assets and liabilities, denominated in a foreign currency and non-monetary items valued at fair value, denominated in a foreign currency to be adjusted to reflect the exchange rates in effect at the financial statement date. The resulting unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard is effective for fiscal years beginning on or after April 1, 2019.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### 2. Recent accounting pronouncements (continued):

#### 4. PS 3041 - Portfolio Investments

This section removes the distinction between temporary and portfolio investments and provides additional guidance on recognition, measurement, presentation and disclosure of these types of investments. Upon adoption of this section and PS 3450, PS 3040 - Portfolio Investments will no longer be applicable. This standard is effective for fiscal years beginning on or after April 1, 2019.

#### 5. PS 2200 – Related Party Disclosures

This section provides guidance on the definition of a related party and establishes the disclosure requirements for transactions between related parties. This standard is effective for fiscal years beginning on or after April 1, 2017.

#### 6. PS 3420 - Inter- Entity Transactions

This section provides guidance on the recognition, measurement and presentation of transactions between entities controlled by a government within the government reporting entity from the perspective of both parties. This standard is effective for fiscal years beginning on or after April 1, 2017.

#### 7. PS 3210 – Assets

This section provides guidance on the various components related to the definition of an asset and establishes the related disclosure requirements. This standard is effective for fiscal years beginning on or after April 1, 2017.

#### 8. PS 3320 - Contingent Assets

This section provides a general application standard providing guidance on the definition and disclosures standards related to contingent assets. It is noted that specific types of contingent assets are excluded from this standard. This standard is effective for fiscal years beginning on or after April 1, 2017.

#### 9. PS 3430 - Restructure Transactions

This section provides guidance on the recognition, measurement and presentation on restructuring transactions by both the transferor and recipients of assets and/ or liabilities, together with related program or operating responsibilities. This section is effective for fiscal years beginning on or after April 1, 2018.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### 2. Recent accounting pronouncements (continued):

#### 10. PS 3380 – Contractual Rights

This section provides guidance on the disclosure of contractual rights, including their nature, extent and timing. This section is effective for years beginning on or after April 1, 2017.

The requirements in PS 1201, PS 3450, PS 2601 and PS 3041 are required to be implemented at the same time.

Management has indicated that the impact of the adoption of this standard is being evaluated and it is not known or reasonably estimable at this time.

### 3. Investments:

Investments comprise of the following:

	2016	2015
Investment in Oldman River		
Hydro Joint Venture	\$ 6,435,383	\$6,695,628
Other	225,322	139,099
	<hr/> \$ 6,660,705	<hr/> \$6,834,727

#### Investment in Oldman River Hydro Joint Venture:

Piikani Nation holds a 25% interest in the Oldman River Hydro Joint Venture. Information specifically related to this interest is as follows:

	2015	2014
Investment in Oldman River Hydro Joint Venture	\$ 7,444,968	\$ 7,444,968
Advances for operating costs	50,000	50,000
Share of earnings (cumulative)	10,443,954	9,579,200
Cash distributions (cumulative)	(11,503,539)	(10,378,540)
	<hr/> \$ 6,435,383	<hr/> \$ 6,695,628
Nation's share as at December 31	<hr/> \$ 6,435,383	<hr/> \$ 6,695,628

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### 3. Investments (continued):

The following summarized information extracted from the Oldman River Hydro Joint Venture unaudited financial statements representing a 25% interest.

	2015	2014
Financial assets	\$ 865,414	\$ 1,118,999
Financial liabilities	1,372,583	1,469,497
Net financial debt	(507,169)	(350,498)
Non-financial assets	6,942,552	7,046,126
<b>Share of equity, as at December 31</b>	<b>\$ 6,435,383</b>	<b>\$ 6,695,628</b>
<b>Nation's share as at December 31</b>	<b>\$ 6,435,383</b>	<b>6,695,628</b>
	2015	2014
Revenue	\$ 1,781,405	\$ 2,208,488
Costs of sales	(276,307)	(524,904)
Operating expenses	(640,344)	(612,981)
<b>Share of earnings</b>	<b>\$ 864,344</b>	<b>\$ 1,070,603</b>

### 4. Accounts receivable:

	2016	2015
Indigenous and Northern Affairs Canada	\$ 407,027	\$ 165,473
Community Futures - Treaty 7	153,085	104,902
First Nations Development Fund	233,797	330,053
Other	1,207,249	880,401
	<b>\$ 2,001,158</b>	<b>\$ 1,480,829</b>

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

### 5. Trust funds:

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the consolidated revenue fund of the Government of Canada. The management of these funds is primarily governed by Section 63 and Section 69 of the Indian Act. These funds can be accessed by the Piikani Nation with the approval of Indigenous and Northern Affairs Canada. The trust funds include the following:

	2016	2015
Capital fund	\$ 5,813	5,813
Land replacement – capital account	2,115,000	2,115,000
Land replacement – revenue account	198,198	173,903
Per capita account	16,451	16,109
Revenue fund account	286,710	369,305
	<b>\$ 2,622,172</b>	<b>\$ 2,680,130</b>

### 6. Tangible capital assets:

Cost	2015	Additions	Disposals	Transfers	2016
Land	\$ 952,499	\$ --	\$ --	\$ --	\$ 952,499
Buildings and improvements	47,747,926	1,136,164	--	--	48,884,090
Distribution systems	16,346,272	899,393	--	793	17,246,458
Engineering structures	3,543,013	--	--	(793)	3,542,220
Furniture and equipment	3,225,728	217,811	--	--	3,443,539
Computer equipment	610,180	16,256	--	--	626,436
Automotive, machinery and equipment	6,137,913	405,861	(322,728)	--	6,221,046
Assets under construction	--	9,911,475	--	--	9,911,475
	<b>\$ 78,563,531</b>	<b>\$ 12,586,960</b>	<b>\$ (322,728)</b>	<b>\$ --</b>	<b>\$ 90,827,763</b>

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### 6. Tangible capital assets (continued):

Accumulated amortization	2015	Amortization expense	Disposals	2016
Buildings and improvements	\$ 22,166,256	\$ 1,609,539	\$ --	\$ 23,775,795
Distribution systems	5,367,817	507,497	--	5,875,314
Engineering structures	1,798,078	113,292	--	1,911,370
Furniture and equipment	2,791,313	327,564	--	3,118,877
Computer equipment	564,930	38,603	--	603,533
Automotive, machinery and equipment	3,808,673	618,885	(287,351)	4,140,207
<b>Total</b>	<b>\$ 36,497,067</b>	<b>\$ 3,215,380</b>	<b>\$ (287,351)</b>	<b>\$ 39,425,096</b>

Net book value	2016	2015
Land	\$ 952,499	\$ 952,499
Buildings and improvements	25,108,295	25,581,670
Distribution systems	11,371,144	10,978,455
Engineering structures	1,630,850	1,744,935
Furniture and equipment	324,662	434,415
Computer equipment	22,903	45,250
Automotive, machinery and equipment	2,080,839	2,329,240
Assets under construction	9,911,475	--
	<b>\$ 51,402,667</b>	<b>\$ 42,066,464</b>

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### 7. Deferred revenue:

	2016	2015
Piikani Administration	\$ 1,781,291	2,801,795
Piikani Child and Family Services	823,850	894,513
Piikani Human Resource Development and Employment Services	215,923	518,285
Piikani Public Works	36,107	670,546
Piikani Social Development	151,725	6,320
Peigan Board of Education	40,075	69,658
Piikani Resource Development Ltd.	473,800	451,300
Piikani Ky-Naak-Ku-Kan	--	3,186
	\$ 3,522,771	\$ 5,415,603

### 8. Bank indebtedness:

At March 31, 2016, the Nation had an operating line of credit totaling \$300,000 of which \$200,000 (2015 - \$170,000) was drawn. The following has been collateralized in connection with this line of credit:

- a. General security agreement

The opening line of credit bears interest at prime plus 2.65% and revolves in increments of \$10,000. Interest is payable monthly. Prime rate as at March 31, 2016 is 2.7% (2015 – 2.85%).

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

### 9. Long-term debt:

	2016	2015
<b>Piikani Housing Authority and Rentals:</b>		
Housing loans payable to various financial institutions in monthly instalments of \$17,372 including interest at rates from 2.86% to 6.95%, secured by postponements and guarantees by parties within the reporting entity, an assignment of settlement trust interest revenues and specific assets owned by the Nation. Maturing at various dates to March, 2021	\$ 367,684	\$ 435,074
<b>Piikani Administration:</b>		
Loans payable in monthly instalments of \$11,400, including interest at 8%, secured by a demand promissory note for \$1,463,000, a Band Council Resolution authorizing the borrowing, assignment of lease payments of the related building and an assignment of insurance, matures February, 2017	828,186	921,119
CNH Equipment loans payable in annual installments of \$34,916 including interest at rates from 0% to 6.99%, secured by specific equipment maturing at various dates to October, 2017	25,989	49,958
BMO Demand loan with an interest rate of prime plus 1.75%, calculated and payable monthly in arrears based on a calendar year	5,639,896	--
John Deere Equipment loan with an interest rate of 2.90%, payable in annual installments of \$10,475, secured by specific equipment with a net book value of \$48,088, due July, 2020	48,110	--
BMO equipment loan	--	7,832
Indian Business Corporation loan	--	25,660
<b>Piikani Administration and Piikani Resource Development Ltd.:</b>		
1% loan to Piikani Settlement Fund, the terms of this loan are discussed below	12,852,636	13,372,643
<b>Piikani Board of Education:</b>		
Term loan payable in monthly installments of \$695, including interest of 5.50%, secured by specific equipment due April, 2016	835	8,888
Finance contract payable in 10 monthly installments of \$2,070 per annum including interest at 6.10%, secured by certain capital assets with a net book value of \$62,636, due September, 2020	79,665	--
Finance contract	--	13,358
Finance contract	--	58,848
	<b>\$ 19,843,001</b>	<b>\$ 14,893,380</b>

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### **9. Long-term debt (continued):**

The loan payable to the Settlement Fund of the Piikani Nation is payable over 23 years maturing on December, 2037 with interest at 1% per annum and payable on December 31, each year.

In 2014, there was a court ordered settlement between the Piikani Nation and its subsidiaries which include the Piikani Resource Development Ltd. and the Settlement Trust. The court order re-established the amounts owing as well as the terms of the amounts owing to the Settlement Trust by the Piikani Nation and its subsidiaries and addressed a number of transactions that were previously disputed and for which there was limited knowledge of. The resulting adjustment to the loan to the Settlement Trust was recorded in the prior year.

# PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2016

## 10. Accumulated surplus:

	Operating	Trust funds	CMHC Reserve	Invested in tangible capital assets	Total 2016	Total 2015
Balance, beginning of year	\$ (1,409,712)	\$ 2,680,130	\$ 80,000	\$ 40,571,387	\$ 41,921,805	\$ 42,066,640
Excess (deficiency) of revenue over expenses	2,727,898	--	--	--	2,727,898	(144,835)
Amortization of tangible capital assets	3,215,380	--	--	(3,215,380)	--	--
Acquisition of tangible capital assets	(12,586,960)	--	--	12,586,960	--	--
Gross revenue earned on trust funds	(2,162,250)	2,162,250	--	--	--	--
Trust funds disbursed	2,220,208	(2,220,208)	--	--	--	--
Proceeds on long-term debt restate to capital assets	5,777,486	--	--	(5,777,486)	--	--
Principal payments on long-term debt related to tangible capital assets	(896,926)	--	--	896,926	--	--
Gain on sale of tangible capital assets	(42,282)	--	--	42,282	--	--
Proceeds on sale of capital assets	77,660	--	(40,000)	(77,660)	--	--
Transfer	40,000	--	--	--	--	--
	\$ (3,039,498)	\$ 2,622,172	\$ 40,000	\$45,027,029	\$44,649,703	\$ 41,921,805

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

### 11. Economic dependence:

Piikani Nation receives a significant portion of its revenue pursuant to a funding agreement with Indigenous and Northern Affairs Canada, Health Canada and other Federal and Provincial government departments.

### 12. Indigenous and Northern Affairs Canada:

	2016	2015
Fixed:		
Administration:		
Day-Care (NPA5)	\$ 273,500	\$ 273,500
Pension Plan Administration (NG0L)	33,357	--
Planning Design and Construction (NTKB)	674,992	--
Community Buildings (NTMB)	--	129,527
Land Management Capacity (NP4X)	155,868	195,405
HR Management (NG1F)	--	20,090
Indian Registry (NPG7)	1,716	3,017
Public Works:		
Pension Plan Administration (NG0L)	--	28,904
A&C Wastewater (NTFA)	336,000	--
Other Protection (NTM6)	--	267,000
Wastewater Systems (NTFF)	36,042	80,978
Water Systems (NTFG)	438,430	438,430
Flood and Erosion Control (NTN7)	--	347,250
Fire Protection (NTMS)	56,421	56,421
Road and Bridges (NTMT)	729,316	729,316
Electrical Systems (NTMU)	4,549	4,549
Community Buildings (NTMW)	105,029	114,086
Maintenance Management (NTN0)	71,700	71,700
Solid Waste (NTN5)	273,040	273,040
Water O&M (NTFZ-001)	50,056	50,056
Water O&M (NTFZ-002)	8,079	--
Wastewater O&M (NTG0-001)	35,998	35,998
Wastewater O&M (NTG0-002)	53,062	--
Piikani Social Development:		
Service Delivery (NP8R)	598,360	576,110
Piikani Housing and Rental Authorities:		
Planning Design and Construction (NTKB)	450,000	784,800
Management Support (NTKQ)	5,100	5,100
Major renos (NTKC)	100,800	--
Piikani Resource Development Ltd:		
Economic Development Allocation (NT45)	214,565	214,565
Carried forward	4,705,980	4,699,842

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

### 12. Indigenous and Northern Affairs Canada (continued):

	2016	2015
Brought forward	4,705,980	4,699,842
Fixed (continued):		
Piikani Child and Family Services:		
Operations (NPD3)	1,045,087	1,163,969
Foster Homes (NPD1)	519,499	746,920
Group Homes (NPD2)	690,000	276,637
Prevention, least disruptive measures (NPD7)	274,330	276,580
Kinship Care (NPD5)	80,000	179,814
Post-adoption subsidies (NPD6)	140,000	179,814
Piikani Board of Education:		
Various Education Envelopes	3,899,269	4,081,143
Peigan Indian REA:		
Electrical systems	234,000	--
Set:		
Piikani Administration:		
Registry (NPG6)	26,210	26,210
In-home Care (NPC5)	100,000	100,000
National Child Benefit Reinvestment (NPB0)	58,000	62,184
Leadership (NG1A)	43,437	20,000
Plan Risk Management (NG1J)	--	48,460
CPP/QPP and Private Pension Plans (NG0M)	55,805	--
Economic development (NT9O)	321,712	--
Admin and support (NPJO)	50,000	--
Piikani Public Works:		
CPP/QPP and Private Pension Plans (NG0M)	--	48,675
Piikani Human Resources Development and Employment Services :		
First Nation & Inuit - Summer Work Experience (NP20)	40,613	39,353
First Nation & Inuit - Skills Link Program (NP21)	39,951	43,207
National Child Benefit Reinvestment (NPB0)	220,000	250,000
Piikani Social Development:		
Basic Needs (NP85)	2,393,550	2,325,778
Child Out of Parental Home Allowance (NP87)	11,700	14,472
Special Needs (NP8L)	141,132	141,132
National Child Benefit Reinvestment (NPB0)	9,003	27,332
Piikani Resource Development Ltd.:		
Energy Efficiency (NTQ1)	--	55,000
National Child Benefit Reinvestment (NPB0)	--	14,600
Carried forward	15,099,278	14,821,122

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### 12. Indigenous and Northern Affairs Canada (continued):

	2016	2015
Brought forward	15,099,278	14,821,122
Set (continued):		
Piikani Board of Education (PBOE):		
CPP/QPP and Private Pension Plans	114,206	114,206
Enhance Teachers Salaries	58,277	64,866
New Paths – teacher recruitment and retention	16,000	16,000
New Paths – parental and community involvement	16,000	16,000
First Nation Education Management and Governance Capacity	--	29,974
New Paths – improving school effectiveness	155,389	157,734
Band Operations School directed	354,133	389,413
Skills link program	39,951	34,215
Band Operated School evaluation	--	9,600
Structural readiness	127,325	--
National Child Benefits Reinvestment (NPBO)	108,740	--
Grant		
Piikani Administration:		
Band Support Funding (NGOF)	784,789	779,501
	\$ 16,874,088	\$ 16,432,631

### 13. Supplemental information on set funding:

This note contains supplemental information regarding set contribution funding as provided by INAC. If surplus amounts exist these amounts are repayable back to INAC as per the Set funding agreement. Deficits are not funded by INAC and becomes the responsibility of the Nation. The supplemental information presents only the current years funding amounts and are included in the schedules to the financial statements.

# PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2016

## 13. Supplemental information on set funding (continued):

	Basic Needs (NP85)	Child out of Parental Home Allowance (NP87)	Special Needs (NP8L)	First Nation and Inuit Summer Work Experience (NP20)	First Inuit Skills Link Program (NP21)
<b>Revenue:</b>					
Indigenous and Northern Affairs					
Canada	\$ 2,393,550	\$ 11,700	\$ 141,132	\$ 40,613	\$ 39,951
Expenses					
Social Development Programs	2,253,136	11,841	102,571	54,259	39,951
Programs	--	--	--	--	--
CPP/QPP – Pension and Expenses	--	--	--	--	--
Water Operations and Management	--	--	--	--	--
Wastewater Operations and	--	--	--	--	--
Management	--	--	--	--	--
National Child Benefit Programs	--	--	--	--	--
Registry and Administration	--	--	--	--	--
Assisted Living Wages	--	--	--	--	--
	2,253,136	11,841	102,571	54,259	39,951
<b>Set funding surplus (deficit)</b>	<b>\$ 140,414</b>	<b>\$ (141)</b>	<b>\$ 38,561</b>	<b>\$ (13,646)</b>	<b>\$ --</b>

# PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2016

### 13. Supplemental information on set funding (continued):

	CPP/QPP and Private Pension Plans (NG0M)	National Child Benefit Reinvestment (NPB0)	Economic Development (NT90)	Registry (NPG6)	In Home Care (NPC5)	Leadership (NG1A)	Admin and Support (NPJ0)
<b>Revenue:</b>							
Indigenous and Northern Affairs Canada	\$ 556,805	\$ 395,743	\$ 321,712	\$ 26,210	\$ 100,000	\$ 43,437	\$ 50,000
<b>Expenses:</b>							
Social Development Programs	--	--	321,712	--	--	--	--
Human Resource Development Programs	--	--	--	--	--	--	--
CPP/QPP – Pension and Expenses	55,803	--	--	--	--	--	--
Water Operations and Management	--	--	--	--	--	--	--
Wastewater Operations and Management	--	--	--	--	--	--	--
National Child Benefit Programs	--	395,743	--	--	--	--	--
Registry and -- Administration	--	--	26,210	--	43,437	50,000	--
Assisted Living Wages	--	--	--	100,000	--	--	--
Energy efficiency project	--	--	--	--	--	--	--
	55,803	395,743	321,712	26,210	100,000	43,437	50,000
<b>Set funding surplus (deficit)</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>

# PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2016

## 13. Supplemental information on set funding (continued):

Part 1:

	CPP and private pension plans (PBOE)	Enhanced teacher salaries (PBOE)	New Paths - teacher recruitment & retention (PBOE)	New Paths - parental & community engagement (PBOE)
Revenue:				
Indigenous and Northern Affairs Canada	\$ 114,206	\$ 58,277	\$ 16,000	\$ 16,000
Expenses				
Canada Pension Plan	24,466	--	--	--
Private Pension Plan	130,456	--	--	--
Teachers salaries	--	58,277	16,000	--
Professional development:				
High school	--	--	--	16,000
Set funding surplus (deficit)	\$ (40,716)	\$ --	\$ --	\$ --

# PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2016

## 13. Supplemental information on set funding (continued):

Part 2:

	New Paths - improving school effectiveness (PBOE)	Band operated school (PBOE)	Skills link program (PBOE)
Revenue:			
Indigenous and Northern Affairs Canada			
Expenses			
Special projects	—	—	22,201
Salaries	65,000	278,385	—
Supplies	103,095	10,951	17,750
Professional development	—	4,024	—
Professional fees	—	69,546	—
Travel	—	854	—
Set funding surplus (deficit)	\$ (12,706)	\$ (9,627)	\$ —

Set funding surpluses are included in deferred revenue on the schedules to the financial statements and on the statement of financial position.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### 14. Financial instruments:

It is management's opinion that the Entity is not exposed to significant interest, currency, liquidity or credit risk arising from its financial instruments.

Unless otherwise noted, the fair values of financial assets and liabilities approximate their carrying values due to the relatively short periods to maturity of the instruments.

### 15. Chief and Council Member Honorariums and Travel:

Honourarium and travel expense paid to elected officials:

	Months in current year	Honourarium(i)	Travel	Total 2016	Total 2015
Stanley Grier	12	\$ 97,778	\$ 50,570	\$ 148,348	\$ 15,737
Barnaby Provost	12	91,778	28,898	120,676	15,398
Ferlin Crow Shoe	12	93,178	20,194	113,372	14,877
Keith Grier	12	92,778	20,878	113,656	14,791
Lowell Yellow Horn	12	90,778	26,452	117,230	15,550
Troy Knowlton	12	91,778	24,420	116,198	12,729
Brian Jackson	12	95,233	40,834	136,067	15,106
Fabian North Peigan	12	94,896	21,079	115,975	70,733
Doane Crowshoe	12	92,178	11,717	103,895	68,701
Angela Grier	--	--	--	--	44,733
Clayton Small Legs	--	--	--	--	61,738
Eloise Provost	--	--	--	--	45,995
Kyle Grier	--	--	--	--	49,937
Andrew Provost	--	--	--	--	43,931
Maurice Little Wolf	--	--	--	--	43,802
Casey Scott	--	--	--	--	39,049
Rebecca Weasel Traveler	--	--	--	--	48,146
Wesley Provost	--	--	--	--	38,073
Willard Yellow Face	--	--	--	--	41,006
		\$ 840,375	\$ 245,042	\$ 1,085,417	\$ 700,032

(i) Includes amounts accrued for the year.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### **16. Contingent liabilities:**

- a) The Nation has been named a defendant in various legal actions. Management is of the opinion that there is a strong defense against these claims. Accordingly, no provisions for losses have been reflected in the accounts.
- b) The Nation has not recognized a liability for certain legal obligations, primarily special handling for the removal and disposal of encapsulated asbestos from facilities and equipment. The fair value of these liabilities cannot be reasonably determined as the settlement dates are not known.

### **17. Budget information:**

The budget information presented in these financial statements is based upon the 2016 operating and capital budgets approved by the Chief and Council and various Committees.

### **18. Alberta Electrical Connection Operator License:**

On September 9, 2010, the Nation paid \$53,000 to the Piikani Energy Corporation to have the Alberta Electrical Connection Operator application for the Piikani Wind Project amended so that the Nation was the applicant. This effectively resulted in the Nation purchasing the Piikani Energy Corporation's interest in the Alberta Connection Operator application.

### **19. Commitments:**

The Nation has the following commitments:

- a) In the normal course of business, the Nation enters into commitments for both capital and operational leases. The estimated minimum aggregate annual payments are approximately \$65,000. These commitments have been budgeted for and are approved by Chief and Council.
- b) The Nation has entered into agreements with Zynxx (Utility Net) to assist in managing their electricity portfolio and back end processing including support and managing meter assets, power pool purchases, wire rate billing and management of customer accounts. The Nation pays \$4 per new member service and \$9 per member monthly.

### **20. Segmented disclosure:**

The Nation discloses information on its segments in the following schedule. The Nation provides a range of services to the Nation Members, for each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments is consistent with those adopted by the Nation as a whole.

# PIIKANI NATION

## Consolidated Schedule of Segmented Disclosures

Year ended March 31, 2016, with comparative information for 2015

	2016			2015		
	Revenues	Expenses	Excess (deficiency)	Revenues	Expenses	Excess (deficiency)
Piikani Administration	\$ 23,790,882	\$ 22,111,958	\$ 1,678,924	\$ 14,480,211	\$ 17,573,566	\$ (3,093,355)
Piikani Social Development	2,989,888	2,924,581	65,307	3,092,243	3,000,486	91,757
Piikani Housing Authority and Rentals	801,457	1,432,451	(630,994)	1,157,481	1,091,587	65,894
Ky-Naak-Ku-Kan Housing Corporation	1,262,755	1,479,299	(216,544)	1,122,370	545,383	576,987
Piikani Human Resource Development and Employment Services	1,561,392	1,594,574	(33,182)	1,464,222	1,148,381	315,841
Piikani Public Works	2,894,366	2,891,399	2,967	5,522,161	2,798,208	2,723,953
Peigan Board of Education	5,757,806	6,183,206	(425,400)	5,765,724	6,505,902	(740,178)
Piikani Child and Family Services	3,805,028	4,005,897	(200,869)	3,497,123	3,672,145	(175,022)
Piikani Resource Development Ltd.	433,601	483,512	(49,911)	816,388	879,362	(62,974)
Peigan Indian Rural Electrification Association	869,291	725,594	143,697	534,109	656,783	(122,674)
Oldman Irrigation Ltd.	--	151,084	(151,084)	274,936	--	--
1559725 Alberta Ltd.	3,792,105	1,247,118	2,544,987	1,700	1,700	--
	47,958,571	45,230,673	2,727,898	37,728,668	37,873,503	(144,835)
Net inter-departmental elimination	(4,439,601)	(4,439,601)	--	(2,214,089)	(2,214,089)	--
	\$ 43,518,970	\$ 40,791,072	\$ 2,727,898	\$ 35,514,579	\$ 35,659,414	\$ (144,835)