

**Enoch Cree Nation**

**Consolidated Financial Statements**

**March 31, 2015**

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## Enoch Cree Nation

### Management's Responsibility for Financial Reporting

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March 31, 2015

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The accompanying consolidated financial statements of Enoch Cree Nation are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.


Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Enoch Cree Nation and meet when required.

On behalf of Enoch Cree Nation:

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Finance Committee

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Date

## **Independent Auditors' Report**

### **To the Members of Enoch Cree Nation**

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

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

#### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Enoch Cree Nation as at March 31, 2015, and the results of its operations, the changes in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Edmonton, Canada  
August 5, 2015**

*Crowe MacKay LLP*  
**Chartered Accountants**

# Enoch Cree Nation

## Consolidated Statement of Financial Position

March 31 2015 2014

### Financial Assets

Cash	\$ 4,809,746	\$ 3,449,053
Accounts receivable (Note 2)	5,800,746	5,692,069
Restricted Cash - Ottawa Trust Funds (Note 3)	622,660	872,598
Restricted Investments - Settlement Trust Funds (Note 4)	6,797,497	9,127,145
Investments (Note 5)	513,164	13,164
Investment in Business Enterprises (Note 6)	901,702	30,918,515
	19,445,515	50,072,544

### Liabilities

Accounts payable (Note 8)	6,374,068	6,139,684
Deferred revenue (Note 9)	4,737,164	2,236,052
Long-term debt (Note 10)	26,785,767	26,766,472
	37,896,999	35,142,208

Net financial assets (debt) (18,451,484) 14,930,336

### Non-financial Assets

Tangible capital assets (Note 11)	68,607,968	63,910,091
Prepaid expenses	246,838	257,701
Inventory	163,842	163,057
	69,018,648	64,330,849

Accumulated Surplus (Note 12) \$ 50,567,164 \$ 79,261,185

Contingent liabilities (Note 13)

Approved on Behalf of the Enoch Cree Nation

 , Chief

 , Councillor

# Enoch Cree Nation

## Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2015 Budget	2015 Actual	2014 Actual
<b>Revenue</b>			
Federal Government:			
Aboriginal Affairs and Northern Development Canada	\$ 9,721,052	\$ 10,830,496	8,643,440
First Nation and Inuit Health	1,970,795	1,970,795	1,853,697
Human Resource Development Canada	-	-	268,358
Canada Mortgage and Housing Corporation subsidies	530,614	556,138	538,828
Government of Alberta	211,489	286,666	461,532
First Nations Development Fund (Note 6)	-	36,643,642	27,328,123
First Nations Development Fund	11,977,539	13,202,301	9,747,036
Mechet Charities Limited	27,240,867	33,902,403	33,216,825
Business enterprises	-	12,145,789	15,304,917
Resource and investment income	3,825,436	4,577,178	6,138,824
Business Enterprises - Equity loss (Note 6)	27,600	(62,374,395)	(11,587,829)
Gain on sale of investment	-	-	3,610,228
Other revenue	6,754,886	2,893,715	2,604,226
	<b>62,260,278</b>	<b>54,634,728</b>	<b>98,128,205</b>
<b>Expenses (Note 14)</b>			
Administration	12,168,145	13,515,988	11,625,084
Amortization	-	2,755,772	2,530,726
Community service	6,357,381	6,514,863	4,661,181
Economic development	151,062	151,062	151,646
Education	11,105,603	10,630,458	8,425,920
Employment programs	2,549,000	2,638,639	289,627
Health	5,674,490	5,239,063	5,351,819
Housing	13,274,403	9,141,665	8,719,469
Land claims	496,791	654,754	515,168
Public works	5,221,580	5,865,120	5,344,763
Social services	2,970,743	2,318,791	3,289,808
Other	2,291,080	23,902,574	35,805,005
	<b>62,260,278</b>	<b>83,328,749</b>	<b>86,710,216</b>
<b>Excess (deficiency) of revenue over expenses</b>	-	<b>(28,694,021)</b>	<b>11,417,989</b>
<b>Accumulated surplus, beginning of year</b>	<b>79,261,185</b>	<b>79,261,185</b>	<b>67,843,196</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 79,261,185</b>	<b>\$ 50,567,164</b>	<b>\$ 79,261,185</b>

## Enoch Cree Nation

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

For the year ended March 31	2015 Budget	2015 Actual	2014 Actual
<b>Excess (deficiency) of revenue over expenses</b>	\$ -	\$ (28,694,021)	\$ 11,417,989
Acquisition of tangible capital assets	-	(7,953,649)	(5,421,679)
Amortization of tangible capital assets	-	2,755,772	2,530,726
Writedown of tangible capital assets	-	500,000	2,113,390
	-	(4,697,877)	(777,563)
Acquisition of prepaid asset	10,863	10,863	-
Use of prepaid asset	-	-	(69,447)
	10,863	10,863	(69,447)
Acquisition of inventory	(785)	(785)	55,367
<b>(Decrease) increase in net financial assets</b>	<b>10,078</b>	<b>(33,381,820)</b>	<b>10,626,346</b>
<b>Net financial assets, beginning of year</b>	<b>14,930,336</b>	<b>14,930,336</b>	<b>4,303,990</b>
<b>(Net debt) net financial assets, end of year</b>	<b>\$ 14,940,414</b>	<b>\$ (18,451,484)</b>	<b>\$ 14,930,336</b>

# Enoch Cree Nation

## Consolidated Statement of Cash Flow

For the year ended March 31,	2015	2014
<b>Cash flows from</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	\$ (28,694,021)	\$ 11,417,989
Items not affecting cash		
Amortization	2,755,772	2,530,726
Writedown of tangible capital assets	500,000	2,113,390
Gain on sale of investment	-	(3,610,228)
	(25,438,249)	12,451,877
Change in non-cash operating working capital		
Accounts receivable	(108,677)	355,999
Inventory	(793)	55,367
Prepaid expenses	10,863	(69,447)
Accounts payable	234,392	(4,686,159)
Deferred revenue	2,501,112	1,215,432
	(22,801,352)	9,323,069
<b>Capital activities</b>		
Purchase of tangible capital assets	(7,953,649)	(5,421,679)
<b>Financing activities</b>		
Proceeds of long term debt	2,362,083	1,190,792
Repayment of long term debt	(2,342,788)	(2,237,360)
	19,295	(1,046,568)
<b>Investing activities</b>		
Net change Restricted Cash - Ottawa Trust Fund	249,938	47,259
Net change in Restricted Investments	1,829,648	(4,396,610)
Net change in Business Enterprises Investment	30,016,813	(7,233,993)
Proceeds on disposal of investments	-	6,708,302
	32,096,399	(4,875,042)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1,360,693</b>	<b>(2,020,220)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>3,449,053</b>	<b>5,469,273</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 4,809,746</b>	<b>\$ 3,449,053</b>



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# Enoch Cree Nation

## Notes to Consolidated Financial Statements

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**March 31, 2015**

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### **1. Basis of Presentation and Significant Accounting Policies**

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

#### **(a) Reporting entity principles of financial reporting**

The Enoch Cree Nation reporting entity includes the Enoch Cree Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the Enoch Cree Nation.

The Consolidated Financial Statements include the assets, liabilities and results of operations for the following entities:

1. Enoch Cree Nation
2. Kitaskinaw Education Authority Inc.
3. Enoch Cree Nation Social Housing
4. Enoch Human Resource Development
5. Enoch Human Resources Foundation
6. Enoch Youth Development Foundation (December 31, 2014)
7. Enoch Training & Development Foundation (December 31, 2014)
8. Enoch Cree Nation Ottawa Trust Funds
9. Enoch Cree Investment Trust (December 31, 2014)
10. Enoch Cree Nation Settlement Trust (December 31, 2014)
11. Mechet Charities Limited
12. Mechet Waskahikanuk Association
13. Enoch Development Holdings Ltd.
14. Indian Lakes Golf Ltd.
15. North on 60 Gas Bar and Convenience Store Ltd
16. Oskya Gas Bar and Convenience Store Ltd.
17. Oskya Energy Ltd.
18. Enoch Lands Development Ltd.
19. Enoch Construction (1991) Ltd.
20. 317107 Alberta Ltd.
21. Enoch Farm Enterprise Ltd.
22. Enoch Utilities Ltd.
23. River Cree Enterprises Corporation
24. River Cree Development Corporation
25. River Cree Crossing Inc.
26. Enoch Cree Investment Ltd.
27. River Cree Land Development Corporation

The year ends of the entities are March 31, 2015, except for the entities noted above, which indicate December 31, 2014 year ends.

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## **Enoch Cree Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2015**

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#### **1. Basis of Presentation and Significant Accounting Policies (continued)**

##### **(a) Reporting entity principles of financial reporting (continued)**

The following entities are recorded on the modified equity basis:

1. River Cree Resort Limited Partnership (December 31, 2014)
2. River Cree Resort GP Ltd. (December 31, 2014)
3. Enoch Casino Limited Partnership (December 31, 2014)
4. Enoch Casino Corporation (December 31, 2014)
5. River Cree Enterprises Limited Partnership (December 31, 2014)
6. River Cree Enterprises GP Ltd. (December 31, 2014)
7. 1023576 Alberta Ltd. (Trustee for the Enoch Cree Nation Business Trust) (December 31, 2014)
8. Enoch Community Development Corporation (December 31, 2014)
9. Enoch First Nations Development Fund Corporation (December 31, 2014)
10. River Cree Sports Inc. (December 31, 2014)
11. River Cree Sports Limited Partnership (December 31, 2014)
12. Enoch Cree Nation Business Trust (December 31, 2014)

Long-term investments in non-controlled entities are recorded at the lower of cost or net realizable value.

##### **(b) Revenue recognition**

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

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

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

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

Income from investments is recorded on the accrual basis.

Band funds are recognized in the period in which the transactions or events occurred that gave rise to the funds.

Other income is recognized when earned and collection is reasonably assured.

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# Enoch Cree Nation

## Notes to Consolidated Financial Statements

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March 31, 2015

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### 1. Basis of Presentation and Significant Accounting Policies (continued)

#### (c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

#### (d) Investments

Portfolio investments in the Enoch Cree Nation Settlement Trust Funds are carried at market. Other investments are carried at the lower of cost and net realizable value. Investments are written down where there has been a loss in value that is other than a temporary decline.

#### (e) Inventory

Inventory is valued at the lower of cost or net realizable value. Cost is determined using the first-in first-out method.

#### (f) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Enoch Cree Nation's incremental cost of borrowing.

Amortization is provided on the straight-line basis over the estimated useful life of the asset as follows:

Buildings	5% straight line
Equipment	20-30% straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

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# Enoch Cree Nation

## Notes to Consolidated Financial Statements

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March 31, 2015

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### 1. Basis of Presentation and Significant Accounting Policies (continued)

#### (g) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

#### (h) 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Oil and gas royalties and surface rights payments related to oil and gas exploration and development activities are administered directly by the Government of Canada ("Canada") under the provisions of the Indian Oil and Gas Act. The Nation records receipts based on currently available information supplied by Canada. Royalty payments from oil and gas producers are subject to periodic revision. Adjustments are recorded by the Nation in the period that the information becomes available.

### 2. Accounts receivable

Accounts receivable include amounts due from the following:

	2015	2014
Government agencies	\$ 913,654	\$ 2,002,952
Other receivables	2,029,389	2,157,577
First Nation - member and employee advances	10,437,847	8,986,240
First Nation - member and employee advances - allowance for doubtful accounts	(7,580,144)	(7,454,700)
	<u>\$ 5,800,746</u>	<u>\$ 5,692,069</u>

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## Enoch Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2015

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#### 3. Restricted Cash - Ottawa Trust Funds

	2015	2014
Capital funds	\$ 94,565	\$ 282,594
Revenue funds	526,244	588,153
Highway Settlement Receivable	1,851	1,851
	<b>\$ 622,660</b>	<b>\$ 872,598</b>

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The trust fund accounts held in Ottawa arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by sections 64 and 69 of the Indian Act.

These funds are treated by Canada as held in trust in the Consolidated Revenue fund of the Government of Canada. The funds attract interest pursuant to Section 61(2) of the Indian Act.

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## Enoch Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2015

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#### 4. Restricted Investments - Enoch Cree Nation Settlement Trust Funds

The Enoch Cree Nation Settlement Trust Funds are restricted investments and are recorded at market value.

The Chief and Council of the Enoch Cree Nation approved the Trust's investment policy on September 27, 2004, creating two portfolios for investments, as follows:

a) The Trust's short-term portfolios are invested in highly secure money market instruments with a minimum credit rating of "R-1 low". No single investment, other than federal or provincial issued instruments can exceed 5% of the portfolio. The primary objectives of the short-term portfolios are liquidity and security of capital. The funds are expected to be drawn down through spending within two to five years, since the purpose of these accounts is that the capital be put to work and invested within the community in long-term or permanent capital projects.

b) The Trust's long-term portfolios include the long-term portions of the Elders, Youth Development and Human Resources accounts. The primary objective of these portfolios are to achieve a long-term rate of return superior to those achieved solely from money market instruments and to do so at an acceptable level of risk. The fixed-income category of the portfolios shall be a minimum of 40% and a maximum of 65%. The equity category of the portfolios shall be a minimum of 35% and a maximum of 60% of the total portfolios. Investments rated "BBB" may be held within a pooled fund to a maximum of 20% of the pooled fund. All Trust equity instruments shall trade on a recognized Global stock exchange or market and preferred stocks will have an acceptable investment grade quality of P2. No single investment, other than federal or provincial instruments, can exceed 5% of the portfolio. No single equity holding can exceed 10% of the amount the Trust can hold in equity instruments.

The net assets of the Enoch Cree Nation Settlement Trust Funds at December 31, 2014 is \$20,715,230 (2013 - \$20,533,774), which includes cash and marketable securities of \$6,797,487 (2013 - \$5,527,135), and loans receivable from Enoch entities of \$14,923,917 (2013 - \$16,078,185). The loans receivable from the Enoch related entities and the loans payable to the Enoch Cree Nation Settlement Trust as recorded by the Enoch related entities have been eliminated in these consolidated financial statements.

In addition, the accumulated loss recorded in the Enoch Cree Nation Investment Trust of \$1,042,384 (2013 - \$315,493) has been eliminated against the accumulated surplus of \$20,715,230 (2013 - \$20,533,774) in the Enoch Cree Nation Settlement Trust Funds resulting in a net accumulated surplus of \$19,672,846 (2014 - \$20,218,281).

#### 5. Investments

	2015	2014
United Grain Growers Ltd.	13,164	13,164
First Nations Bank of Canada	500,000	-
	<b>513,164</b>	<b>13,164</b>

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## Enoch Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2015

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#### 6. Investment in Government Business Enterprises

As described in note 1(a), the investment in the River Cree Resort business enterprises are recorded on the modified equity basis. The summary of the December 31, 2014 financial statements of **Enoch Cree Nation Business Trust** and **1023576 Alberta Ltd.** are as follows:

#### Balance Sheet - December 31, 2014

Cash	\$ 513,779
Accounts receivable	833,801
Prepaid expenses	45,054
Equipment	19,716
Investments	17,063
Due from related parties	217,073

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Total assets	\$ 1,646,486
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Accounts payable	\$ 92,530
Current income taxes payable	125,000
Due to related parties	12,984,994
Government remittance payable	4,287

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Total liabilities	13,206,811
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Accumulated Equity (Deficit)	(11,560,325)
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Total liabilities and equity (deficit)	\$ 1,646,486
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#### Income Statement - December 31, 2014

Equity loss from investments	\$ (173,256,511)
Other revenue	779,477
Expenses	(2,783,179)

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Net income, December 31, 2014	(175,260,213)
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Business enterprises losses recognized in prior years	(112,885,818)
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Adjusted net income, March 31, 2015	\$ (62,374,395)
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Accumulated deficit per above	\$ (11,560,325)
Amount due to Enoch Cree Nation	12,462,027

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Investment in Business Enterprises	\$ 901,702
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## Enoch Cree Nation

### Notes to Consolidated Financial Statements

March 31, 2015

The Enoch Cree Nation as the Host First Nation of the River Cree Resort and Casino receives 30% of the slot revenue earned at the Casino, pursuant to the "Alberta First Nations Development Fund Grant Agreement".

The Host First Nation Development Funds ("FNDF") are allocated to the Enoch Cree Business Trust and 1023576 Alberta Ltd (the Trustee). The FNDF received by the Trust are contributed to the River Cree Resort entities as a capital contribution for the Enoch Cree Nation.

During the year ended December 31, 2014, the Enoch Cree Nation Business Trust and 1023576 Alberta Ltd. received First Nation Development Funds of \$36,643,642 (December 31, 2013 - \$27,328,123) which was contributed to the River Cree Resort entities, as a capital contribution.

#### 7. Bank line of credit

Bank indebtedness represents cheques issued in excess of funds on deposit, plus an operating line of credit to a maximum of \$3,100,000, which bears interest at prime plus 1.0%, and is secured by an assignment of Federal funding. As at March 31, 2015, the Enoch Cree Nation has drawn \$254,341 (2014 - \$2,290,468) of the operating line.

Bank indebtedness also includes an operating line of credit for First Nations Development Fund projects to a maximum of \$2,000,000, which bears interest at prime plus 1.0% and is secured by Government funding. As at March 31, 2015, the Enoch Cree Nation has drawn \$1,259,498 (2014 - nil) of the operating line.

#### 8. Accounts payable

	2015	2014
Trade accounts payable	\$ 5,522,494	\$ 5,254,754
Tuitions payable	786,260	824,628
Government remittances payable	65,314	60,302
	<b>\$ 6,374,068</b>	<b>\$ 6,139,684</b>

#### 9. Deferred revenue

Deferred revenue represents funding received during the year that has not been expended as at March 31, 2015.

	2015	2014
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 598,453	\$ 338,639
Human Resource Development	-	62,730
First Nations Development Funds	4,129,400	1,633,490
Other	9,311	201,193
	<b>\$ 4,737,164</b>	<b>\$ 2,236,052</b>



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## Enoch Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2015

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#### 10. Long-term debt

	2015	2014
<b>Enoch Cree Nation</b>		
Loan payable to First Nations Bank of Canada, payable in blended monthly instalments of \$85,000 plus interest at prime plus 1.00%, due on demand and is secured by a general security agreement covering the assets of the Enoch Cree Nation.	\$ 1,700,000	\$ 2,720,000
<b>Enoch Cree Nation</b>		
Various equipment loans bearing interest at rates ranging from 3.99% to 7.92%, maturing on various dates from May 2018 to August 2019	780,482	287,185
<b>Enoch Cree Nation</b>		
Loan payable to Century McMynn Leasing, repayable in blended monthly instalments of \$7,900 including interest at 10.71%, secured by a bus being financed, maturing January 31, 2021.	440,541	485,492
<b>Kitaskinaw Education Authority Inc.</b>		
CIT Financial bus loans repayable in monthly instalments of \$1,705 (except for July and August of each year where the monthly payment is reduced to \$200 per month), including interest at 4.6% per annum, due May 2015. The loans are secured by vehicles.	-	3,516
<b>Kitaskinaw Education Authority Inc.</b>		
AIIC loan repayable in blended monthly instalments of \$3,855, including interest at 9.25% per annum, due March 2018. The loans are secured by vehicles.	1,000,000	-
<b>Enoch Cree Nation Social Housing Authority</b>		
CMHC mortgages bearing interest ranging from 1.14% to 2.84% repayable in total monthly installments of \$26,738, maturing from March 2026 to February 2039.	9,244,874	9,061,971
<b>Enoch Cree Nation Social Housing Authority</b>		
Mortgage payable to Peace Hills Trust, bearing interest at 3.95% repayable in monthly installments of \$2,697, secured by a general security agreement, maturing March 2018.	80,143	108,501

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## Enoch Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2015

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#### 10. Long-term debt, continued

	2015	2014
<b>Enoch Cree Nation Social Housing Authority</b>		
Bank of Montreal demand loan, bearing interest at 3.75% repayable in monthly installments of \$62,538, secured by a general security agreement, maturing on May 2033.	9,836,013	10,215,078
<b>Mechet Waskahikanuk Association</b>		
First Nations Bank of Canada mortgage, payable in blended monthly instalments of \$31,345 including interest at a fixed rate of 5.13% maturing December 2018, secured by a general security agreement, a guarantee by Mechet Charities Limited as well as land and buildings being financed with a net book value of \$5,699,984 (2014 - \$5,845,221).	3,703,714	3,884,729
	<b>\$ 26,785,767</b>	<b>\$ 26,766,472</b>

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

2016	\$ 3,040,619
2017	1,750,482
2018	1,148,102
2019	1,133,569
2020 and thereafter	19,712,995
	<b>\$ 26,785,767</b>

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# **Enoch Cree Nation**

## **Notes to Consolidated Financial Statements**

**March 31, 2015**

### **11. Tangible Capital Assets**

	Cost				Accumulated amortization	
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	2015 net Balance, end of year book value
Land	\$ 1,046,938 \$	- \$	- \$	1,046,938 \$	- \$	\$ 1,046,938
Buildings	63,544,220	2,842,738	-	66,386,958	23,030,040	25,087,371
Equipment	8,737,479	1,386,213	-	10,123,692	6,231,115	6,929,555
Assets under construction	19,842,609	3,924,697	(500,000)	23,267,306	-	3,194,137
						23,267,306
	\$ 93,171,246 \$	7,953,848 \$	(500,000) \$	100,624,894 \$	29,261,155 \$	32,016,926 \$
						68,607,968

	Cost				Accumulated amortization	
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	2014 Net Balance, end of year book value
Land	\$ 1,046,938 \$	- \$	- \$	1,046,938 \$	- \$	\$ 1,046,938
Buildings	62,585,861	3,354,024	(2,395,865)	63,544,220	21,584,135	40,514,180
Equipment	9,667,426	997,958	(1,927,905)	8,737,479	7,356,475	2,506,364
Assets under construction	18,772,912	1,089,697	-	19,842,609	-	19,842,609
	\$ 92,073,137 \$	5,421,679 \$	(4,323,570) \$	93,171,246 \$	28,940,810 \$	29,261,155 \$
						63,910,091

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## Enoch Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2015

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#### 12. Accumulated Surplus

	2015	2014
Unrestricted operating deficit	\$ (9,749,556)	\$ (12,667,140)
Equity in Tangible Capital Assets	39,097,201	39,896,619
Equity in Enoch Cree Nation Settlement Trust Funds	19,672,846	20,218,281
Equity in Ottawa Trust Funds	247,659	497,598
Equity in CMHC Replacement Reserve	397,312	397,312
Equity in Business Enterprises	901,702	30,918,515
	<b>\$ 50,567,164</b>	<b>\$ 79,261,185</b>

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#### 13. Contingent Liabilities

##### a) Legal proceedings

Enoch Cree Nation has been named as defendant in certain legal proceedings. The Nation is actively defending all lawsuits. Since the amount of loss, if any, cannot be reasonably estimated, no provision has been recorded in these financial statements. Should a loss be incurred, it will be expensed in the year the liability is determined.

##### b) Government contributions

Government contributions related to projects of the Enoch Cree Nation are subject to conditions regarding the expenditure of funds. The Nation's accounting records, as well as those of agencies delegated to execute the projects, are subject to audit by the various funding agencies. Should any instances be identified in which the amounts charged to the projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies.

Adjustments to the financial statements as a result of these audits will be recorded in the year in which they become known.

## Enoch Cree Nation

### Notes to Consolidated Financial Statements

March 31, 2015

#### 14. Expenses by object

For the year ended March 31	2015 Budget	2015 Actual	2014 Actual
Amortization - capital assets	\$ -	\$ 2,755,772	\$ 2,530,722
Impairment of tangible capital assets	-	-	2,103,123
Insurance	548,842	1,021,963	913,672
Interest and bank charges	3,519,150	1,667,090	1,648,188
Materials and supplies	964,065	10,073,566	11,783,571
Office supplies	375,943	648,183	791,088
Professional fees	1,423,599	2,419,824	1,717,786
Program costs	-	20,173,837	22,170,233
Rent	19,496,335	628,308	534,056
Repairs and maintenance	3,303,430	3,678,941	2,251,852
Staff development	579,509	399,962	516,839
Travel and meetings	649,048	1,479,772	1,713,419
Telephone and utilities	1,634,786	1,579,295	1,920,827
Vehicle	516,184	620,061	567,322
Wages and benefits	29,249,387	36,182,175	35,557,517
	\$ 62,260,278	\$ 83,328,749	\$ 86,720,215

#### 15. CMHC Replacement Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, a replacement reserve account is to be credited annually with an agreed amount. These funds, along with accumulated interest, must be held in a separate bank account, and invested in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. However, as the Nation self funds replacement costs of the related assets no amount has been set aside in a separate bank account.

#### 16. Enoch Minors' Trust Funds

The Enoch Minors' Trust Account of \$2,547,847 (2014 - \$2,349,270) arose from the per capita distribution of the Enoch Cree Nation - 1908 Settlement Trust Funds. The funds held in the trust account represents unpaid amounts to Enoch members who have not reached the age of eighteen. On the members' eighteenth birthday, they will receive the full entitlement of the per capita distribution plus interest earned to that date.

The investment consists of amounts held in trust by Peace Hills Trust which bear interest at 5.25% per annum. Amounts expected to be paid out to members who will reach the age of eighteen over the next fiscal year are kept in short term investments to ensure availability of funds for distribution. The remaining funds are invested in term deposits.

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## **Enoch Cree Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2015**

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#### **17. Financial Instruments**

The Nation's financial instruments consist of cash, accounts receivable, loans receivable, long-term investments, trust funds, accounts payable and long term debt. Unless otherwise noted, the carrying value of its financial instruments approximates fair value.

It is management's opinion that the Nation is not exposed to significant currency risks from its financial instruments. The Nation is subject to credit risk with respect to other income. Credit risk arises from the possibility that the entities may experience financial difficulty and be unable to fulfill their obligations. The large amount of annual funding is received from the Government of Canada which minimizes credit risk.

The Nation also has liquidity risk in respect of its accounts payable and bank indebtedness. The Nation minimizes this risk by monitoring cash flows and the terms and conditions negotiated with trade creditors and lenders.

The Nation minimizes interest rate risk by borrowing at fixed rates and is exposed to market risk with respect to certain of its Trust Funds invested in securities.

#### **18. Budget Information**

The budget information for the year ended March 31, 2015 is prepared by management, approved by Chief and Council and is unaudited.

#### **19. Comparative Amounts**

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

# Enoch Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 20. Segmented information

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function. The segment revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounts Policies as described in Note 1. The segment results for the year are as follows:

	Administration			Amortization			Community service		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>									
Aboriginal Affairs and Northern Development Canada	995,238	906,922	851,270	-	-	-	-	595,600	129,600
Resource and investment income	2,604,435	2,486,229	3,145,374	-	-	-	-	-	-
Mecheet Charities Limited	1,242,855	1,170,332	1,105,548	-	-	-	3,818,592	4,294,524	4,011,157
First Nations Development Fund	5,804,617	5,810,825	-	-	-	-	1,564,931	1,975,278	-
Government of Alberta	-	-	35,000	-	-	-	-	75,177	20,001
Other revenue	1,521,000	1,181,590	316,961	-	-	-	973,858	378,879	347,912
<b>Total revenue</b>	<b>12,168,145</b>	<b>11,555,898</b>	<b>5,454,153</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,357,381</b>	<b>7,319,458</b>	<b>4,508,670</b>
<b>Expenses</b>									
Wages and benefits	6,279,980	7,772,689	5,935,608	-	-	-	4,219,523	4,255,720	3,180,627
Travel and meetings	402,158	1,002,921	1,388,433	-	-	-	9,000	15,709	24,096
Repairs and maintenance	165,000	133,473	90,741	-	-	-	187,096	518,125	142,947
Amortization - capital assets	-	-	-	-	2,755,772	2,530,726	-	-	-
Telephone and utilities	476,700	491,579	483,339	-	-	-	74,690	22,188	23,089
Materials and supplies	138,000	318,326	135,115	-	-	-	325,800	174,904	98,045
Professional fees	938,400	1,244,200	692,811	-	-	-	6,000	39,327	18,698
Other expenses	3,767,907	2,552,800	2,899,037	-	-	-	1,535,272	1,488,890	1,173,679
<b>Total expenses</b>	<b>12,168,145</b>	<b>13,515,988</b>	<b>11,625,084</b>	<b>-</b>	<b>2,755,772</b>	<b>2,530,726</b>	<b>6,357,381</b>	<b>6,514,863</b>	<b>4,661,181</b>
<b>Annual surplus (deficit)</b>	<b>-</b>	<b>(1,960,090)</b>	<b>(6,170,931)</b>	<b>-</b>	<b>(2,755,772)</b>	<b>(2,530,726)</b>	<b>-</b>	<b>804,595</b>	<b>(152,511)</b>

# Enoch Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 20. Segmented Information, continued

	FNDF - Contribution to River Cree Resort LP			Economic development			Education		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>									
Aboriginal Affairs and Northern Development Canada	-	-	-	151,062	151,062	151,062	6,257,842	6,489,289	4,749,734
First Nations Development Fund - Resort	-	36,643,642	27,328,123	-	-	-	-	-	-
Mechet Charities Limited	-	-	-	-	-	-	3,999,093	3,613,392	3,081,234
First Nations Development Fund	-	-	-	-	-	-	-	522,800	490,917
Other revenue	-	-	-	-	-	-	848,668	23,484	33,859
<b>Total revenue</b>	-	36,643,642	27,328,123	151,062	151,062	151,062	11,105,603	10,648,965	8,355,744
<b>Expenses</b>									
Wages and benefits	-	-	-	141,418	133,396	142,097	5,132,197	5,316,251	4,792,759
Travel and meetings	-	-	-	-	-	3,600	124,590	57,098	66,407
Repairs and maintenance	-	-	-	-	-	-	15,000	29,360	8,252
Telephone and utilities	-	-	-	9,644	-	5,700	153,600	145,947	157,620
Materials and supplies	-	-	-	-	-	249	302,978	184,615	269,175
Professional fees	-	-	-	-	-	-	40,000	36,036	53,697
Other expenses	-	-	-	-	17,666	-	5,337,238	4,861,151	3,078,010
<b>Total expenses</b>	-	-	-	151,062	151,062	151,646	11,105,603	10,630,458	8,425,920
<b>Annual surplus (deficit)</b>	-	36,643,642	27,328,123	-	-	(584)	-	18,507	(70,176)



# Enoch Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 20. Segmented information, continued

	Employment programs				Health		Housing	
	2015		2014		2015		2015	
	Budget	Actual	Actual	Budget	Actual	Actual	Budget	Actual
<b>Revenues</b>								
Aboriginal Affairs and Northern Development Canada	-	-	-	-	-	-	259,600	732,697
Resource and investment income	-	-	-	-	13	-	165,308	126,975
Mechet Charities Limited	-	589,895	-	3,633,664	3,350,351	3,495,661	9,546,081	10,950,762
First Nations Development Fund	2,549,000	2,048,449	201,253	-	75,268	-	-	-
Other government funding	-	-	268,358	1,970,795	1,970,795	1,853,697	530,614	556,138
Other revenue	-	-	-	70,031	74,970	21,747	2,772,800	959,147
<b>Total revenue</b>	<b>2,549,000</b>	<b>2,638,344</b>	<b>469,611</b>	<b>5,674,490</b>	<b>5,471,397</b>	<b>5,371,105</b>	<b>13,274,403</b>	<b>13,325,719</b>
<b>Expenses</b>								
Wages and benefits	549,825	517,938	132,629	2,642,759	2,457,852	2,102,652	5,375,050	5,182,275
Travel and meetings	-	1,662	3,108	2,000	100	2,007	28,800	28,857
Repairs and maintenance	-	258	-	94,446	23,058	188,798	2,114,825	895,173
Telephone and utilities	3,000	759	4,815	26,000	16,285	27,794	91,800	107,307
Materials and supplies	-	19,301	28,101	30,500	28,478	36,917	94,749	91,585
Professional fees	-	759	-	-	-	-	94,000	190,178
Other expenses	1,986,175	2,097,962	120,974	2,878,785	2,713,290	2,993,651	5,475,179	2,646,290
<b>Total expenses</b>	<b>2,549,000</b>	<b>2,638,639</b>	<b>289,627</b>	<b>5,674,490</b>	<b>5,239,063</b>	<b>5,351,819</b>	<b>13,274,403</b>	<b>9,141,665</b>
<b>Annual surplus (deficit)</b>	<b>-</b>	<b>(295)</b>	<b>179,984</b>	<b>-</b>	<b>232,334</b>	<b>19,286</b>	<b>-</b>	<b>4,184,054</b>
								<b>4,388,945</b>

# Enoch Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 20. Segmented information, continued

	Land claims			Public works			Social services		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>									
Aboriginal Affairs and Northern Development Canada	30,000	66,276	68,128	681,465	1,522,033	1,353,855	1,345,845	366,617	714,159
Resource and investment income	466,791	588,478	470,682	315,312	640,390	281,096	61,000	96,942	66,086
Mechet Charities Limited	-	-	-	3,720,416	3,684,116	3,592,047	1,097,380	1,068,179	1,310,331
First Nations Development Fund	-	-	-	388,991	529,700	-	-	569,980	-
Government of Alberta	-	-	-	-	-	-	104,355	104,355	299,396
Other revenue	-	-	-	115,396	32,052	53,312	362,163	16,948	419,159
<b>Total revenue</b>	<b>496,791</b>	<b>654,754</b>	<b>538,810</b>	<b>5,221,580</b>	<b>6,408,291</b>	<b>5,280,310</b>	<b>2,970,743</b>	<b>2,222,921</b>	<b>2,809,131</b>
<b>Expenses</b>									
Wages and benefits	410,580	432,813	309,594	3,180,806	2,826,311	3,227,459	1,056,617	1,074,616	1,406,529
Travel and meetings	7,200	4,655	6,757	20,100	12,800	5,907	21,600	27,485	13,928
Repairs and maintenance	-	-	-	722,063	1,924,679	1,006,514	5,000	53,650	5,240
Telephone and utilities	-	2,400	2,200	414,852	218,047	443,263	9,100	17,860	17,105
Materials and supplies	-	416	4,387	53,390	81,962	73,326	-	-	26,958
Professional fees	3,199	5,000	8,991	297,000	203,231	286,932	5,000	4,320	2,033
Other expenses	75,812	209,470	183,239	533,369	598,090	301,362	1,873,426	1,140,860	1,818,015
<b>Total expenses</b>	<b>496,791</b>	<b>654,754</b>	<b>515,168</b>	<b>5,221,580</b>	<b>5,865,120</b>	<b>5,344,763</b>	<b>2,970,743</b>	<b>2,318,791</b>	<b>3,289,808</b>
<b>Annual surplus (deficit)</b>	<b>-</b>	<b>-</b>	<b>23,642</b>	<b>-</b>	<b>543,171</b>	<b>(64,453)</b>	<b>-</b>	<b>(95,870)</b>	<b>(480,677)</b>

# Enoch Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 20. Segmented Information, continued

	2015		Other		2014		2015		2014		Consolidated totals	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Revenues</b>												
Aboriginal Affairs and Northern Development Canada	-	-	-	-	-	-	9,721,052	10,830,496	8,643,440	8,643,440		
Business enterprises	-	12,145,789	-	15,304,814	-	-	-	12,145,789	15,304,814	15,304,814		
First Nations Development Fund - Resort	-	-	-	-	-	-	-	36,643,642	27,328,123	27,328,123		
Resource and investment income	204,800	638,151		2,161,390	3,817,646	4,577,178		4,577,178	6,138,927	6,138,927		
Mechet Charities Limited	182,786	5,180,852		8,602,312	27,240,867	33,902,403		33,902,403	33,216,825	33,216,825		
First Nations Development Fund	1,670,000	1,670,001		6,426,845	11,977,539	13,202,301		13,202,301	9,747,036	9,747,036		
Government of Alberta	107,134	107,134		107,135	211,489	286,666		286,666	461,532	461,532		
Other government funding	-	-	-	-	2,501,409	2,526,933		2,526,933	2,660,883	2,660,883		
Other revenue	126,360	(62,147,650)		(7,849,424)	6,790,276	(59,480,680)		(59,480,680)	(5,373,375)	(5,373,375)		
<b>Total revenue</b>	<b>2,291,080</b>	<b>(42,405,723)</b>		<b>24,753,072</b>	<b>62,260,278</b>	<b>54,634,728</b>		<b>54,634,728</b>	<b>98,128,205</b>	<b>98,128,205</b>		
<b>Expenses</b>												
Wages and benefits	260,632	6,212,314		9,043,063	29,249,387	36,182,175		36,182,175	35,557,518	35,557,518		
Travel and meetings	33,600	328,485		167,219	649,048	1,479,772		1,479,772	1,713,419	1,713,419		
Repairs and maintenance	-	101,165		101,696	3,303,430	3,678,941		3,678,941	2,251,852	2,251,852		
Amortization - capital assets	-	-		-	-	2,755,772		2,755,772	2,530,726	2,530,726		
Telephone and utilities	375,400	556,923		644,894	1,634,786	1,579,295		1,579,295	1,920,827	1,920,827		
Materials and supplies	18,648	9,173,979		11,021,377	964,065	10,073,566		10,073,566	11,783,571	11,783,571		
Professional fees	40,000	696,773		482,484	1,423,599	2,419,824		2,419,824	1,717,786	1,717,786		
Other expenses	1,562,800	6,832,935		14,344,272	25,035,963	25,159,404		25,159,404	29,234,517	29,234,517		
<b>Total expenses</b>	<b>2,291,080</b>	<b>23,902,574</b>		<b>35,805,005</b>	<b>62,260,278</b>	<b>83,328,749</b>		<b>83,328,749</b>	<b>86,710,216</b>	<b>86,710,216</b>		
<b>Annual surplus (deficit)</b>	<b>-</b>	<b>(66,308,297)</b>		<b>(11,051,933)</b>	<b>-</b>	<b>(28,694,021)</b>		<b>(28,694,021)</b>	<b>11,417,989</b>	<b>11,417,989</b>		