

MCLEOD LAKE INDIAN BAND  
CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

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**CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2014**

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# McLEOD LAKE INDIAN BAND

General Delivery

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of McLeod Lake Indian Band ("the Band") and all the information in this report are the responsibility of the Band's management and have been approved by the Chief and Council of the Band.

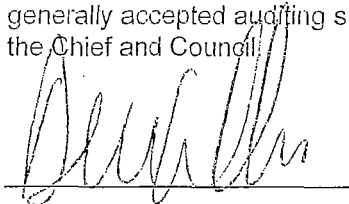
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable costs. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Band's assets are appropriately accounted for and adequately safeguarded.

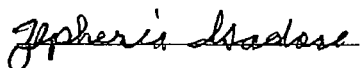
The Chief and Council are responsible for ensuring management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review the Band's consolidated financial statements and recommend their approval. The Chief and Council meet 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 annual report, the consolidated financial statements and the external auditors' report. The Chief and Council take this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by Deloitte LLP in accordance with Canadian generally accepted auditing standards, on behalf of the members. Deloitte LLP has full and free access to the Chief and Council.



Chief



Japher's Isadore Councillor

## Independent Auditor's Report

To the Members of the  
McLeod Lake Indian Band

We have audited the accompanying consolidated financial statements of McLeod Lake Indian Band, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and accumulated surplus, changes in net financial assets 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.

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

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

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of McLeod Lake Indian Band as at March 31, 2014, and the results of its consolidated operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants

Prince George, British Columbia  
July 30, 2014

**MCLEOD LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
year ended March 31, 2014

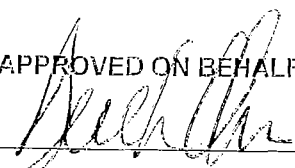
	Budget 2 0 1 4 (Note 20)	2 0 1 4	2 0 1 3
Revenue			
Operations Fund			
Aboriginal Affairs and Northern Development Canada \$	1,937,514 \$	1,903,858 \$	2,122,263
First Nation and Inuit Health	257,181	384,186	388,560
PGNAETA	70,000	68,696	75,319
Oil and Gas Commission	1,000,000	1,161,000	1,032,828
Other	465,000	544,341	2,530,244
Other government funding	125,864	221,180	129,804
Sale of logs from settlement lands	2,000,000	1,665,964	1,374,214
Stumpage revenue	500,000	431,860	292,603
Contract revenue	215,000	1,107,080	443,604
McLeod Lake Indian Band Development Corporation	-	312,162	354,222
Social Housing	-	325,652	261,393
Equity earnings from business enterprises	2,860,000	24,494,339	14,175,708
	<u>9,430,559</u>	<u>32,620,318</u>	<u>23,180,762</u>
Expenses (Note 17)			
Band Administration Program	2,119,804	(1,033,540)	1,430,564
Health and Welfare Services	322,200	507,880	435,823
Education Services	385,910	436,105	415,731
Social Development Services	647,050	315,506	375,669
Membership Services	1,461,050	11,248,845	1,110,201
Infrastructure	351,750	801,990	570,993
Natural Resources	1,144,350	1,896,423	1,262,992
Economic Development Program	128,750	54,020	29,816
Capital Projects Program	769,700	218,662	147,648
Trust Program - Logging and silviculture	2,031,900	1,712,587	1,450,677
Tse'Khene Community Development Corporation	-	278,874	325,841
Social Housing	-	310,400	476,148
	<u>9,362,464</u>	<u>16,747,752</u>	<u>8,032,103</u>
<b>ANNUAL SURPLUS</b>	<u>68,095</u>	<u>15,872,565</u>	<u>15,148,659</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>35,756,757</b>	<b>35,756,757</b>	<b>20,626,073</b>
Recovery of current year and prior year's surplus	-	-	(65,639)
Recovery from Silviculture Trust	-	59,897	44,875
Transfer of surplus from reserve	-	26,781	2,789
<b>ACCUMULATED SURPLUS, END OF YEAR (Note 13)</b>	<u><b>\$ 35,824,852</b></u>	<u><b>\$ 51,716,000</b></u>	<u><b>\$ 35,756,757</b></u>


The accompanying notes to the financial statement are an integral part of this financial statement

**MCLEOD LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at March 31, 2014

	2014	2013
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 2,255,694	\$ 1,352,078
Restricted cash (Note 3)	341,670	328,280
Accounts receivable (Note 4)	1,988,629	1,424,740
Investment and advances (Note 5)	43,058,013	36,748,020
	<u>47,644,006</u>	<u>39,853,118</u>
<b>LIABILITIES</b>		
Demand loans (Note 6)	160,141	223,009
Accounts payable and accrued liabilities	2,297,243	1,014,295
Long-term debt (Note 7)	747,219	950,994
Due to Silviculture Trust (Note 8)	192,681	1,691,342
Due to McLeod Lake Indian Band Lands and Minerals Trust	258,268	320,483
Due to McLeod Lake Indian Band Treaty 8 Trust	-	7,625,073
	<u>3,655,552</u>	<u>11,825,196</u>
<b>NET FINANCIAL ASSETS</b>	<u>43,988,454</u>	<u>28,027,922</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	47,618	54,561
Tangible capital assets (Note 9)	7,860,761	7,873,475
Equity in Treaty 8 Trust (Note 10)	2,272,480	4,895,801
Equity in Land and Minerals Trust and Provincial Land Trust (Note 11)	1,237,284	566,626
	<u>11,418,143</u>	<u>13,390,463</u>
<b>ACCUMULATED SURPLUS (Note 13)</b>	<u>\$ 55,406,597</u>	<u>\$ 41,418,385</u>
<b>CONTINGENT LIABILITIES (Note 14)</b>		

APPROVED ON BEHALF OF THE BAND COUNCIL

 Chief

 Councillor

The accompanying notes to the financial statement are an integral part of this financial statement

**MCLEOD LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
year ended March 31, 2014

	Budget 2014 (Note 20)	2014	2013
Annual surplus	\$ 68,095	\$ 15,872,565	\$ 15,148,659
Acquisition of tangible capital assets	-	(489,547)	(644,704)
Amortization of tangible capital assets	-	502,261	478,815
Proceeds on disposal of tangible capital assets	-	-	1,945
Loss on sale of tangible capital assets	-	-	1,673
Recovery of prior year's surplus	-	-	(65,639)
Recovery from Silviculture Trust	-	59,897	44,875
Provision for replacement and operating reserve - net	-	7,711	(16,497)
Increase (decrease) in equity in Ottawa Trust	-	702	(611)
Use of prepaid expense	-	6,943	4,104
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>68,095</b>	<b>15,960,532</b>	<b>14,952,620</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>28,027,922</b>	<b>28,027,922</b>	<b>13,075,302</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 28,096,017</b>	<b>\$ 43,988,454</b>	<b>\$ 28,027,922</b>

The accompanying notes to the financial statement are an integral part of this financial statement

**MCLEOD LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
year ended March 31, 2014

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Annual surplus	\$ 15,872,565	\$ 15,148,659
Items not involving the outlay of funds		
Amortization	502,261	478,815
Loss on disposal of tangible capital assets	-	1,673
Provision for replacement and operating reserve - net	7,711	(16,497)
Section 10.1 loan advance to Treaty 8 Trust	(3,655,536)	460,216
Increase (decrease) in equity in Ottawa Trust	702	(611)
Recovery of prior year's surplus	-	(65,639)
Share of income in related companies	(24,494,339)	(14,175,708)
	(11,766,636)	1,830,908
Net change in operating working capital		
(Increase) decrease in accounts receivable	(563,889)	207,758
Decrease in prepaid expenses	6,943	4,104
Increase (decrease) in accounts payable and accrued liabilities	1,282,948	(327,476)
Decrease in deferred revenue	-	(25,461)
	(11,040,634)	1,689,833
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of demand loans	(62,868)	(59,729)
Proceeds of long-term debt	-	41,368
Repayment of long-term debt	(203,775)	(175,359)
Repayment of advance to Silviculture Trust - net	(1,498,661)	(1,278,573)
(Repayment of) advance from Land & Minerals Trust	(62,215)	249,257
Repayment of advances from McLeod Lake Indian Band Treaty 8 Trust	(3,969,537)	(250,000)
Recovery from McLeod Lake Indian Band Silviculture Trust	59,897	44,875
	(5,737,159)	(1,428,161)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(489,547)	(644,704)
Proceeds on disposal of tangible capital assets	-	1,945
Investments and advances from related entities	18,184,346	(300,110)
	17,694,799	(942,869)
<b>NET CASH INFLOW (OUTFLOW)</b>	917,006	(681,197)
<b>CASH , BEGINNING OF YEAR</b>	1,680,358	2,361,555
<b>CASH , END OF YEAR</b>	\$ 2,597,364	\$ 1,680,358
Cash is comprised of:		
Cash	\$ 2,255,694	\$ 1,352,078
Restricted cash	341,670	328,280
	\$ 2,597,364	\$ 1,680,358

The accompanying notes to the financial statement are an integral part of this financial statement



**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements (the financial statements) include the assets, liabilities, revenue and expenditures of the McLeod Lake Indian Band (the "Band"), governed by the Chief and Council, and the entities which are controlled or are subject to joint control by the Band.

These financial statements have been prepared in accordance with Canadian public sector accounting standards and include the following principles:

*a) Fund accounting*

The Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the summary financial statements. All inter-fund balances have been eliminated.

The Band maintains the following funds:

- The Operations Fund, which reports the general activities of the Band administration.
- The Ottawa Trust Fund, which reports on trust funds owned by the Band and held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.
- The Canada Mortgage and Housing Corporation ("CMHC") Social Housing Fund, which reports the CMHC funded social housing operations of the Band.
- The Tse'Khene Community Development Corporation Fund, which reports on the activities of Tse'Khene Community Development Corporation.
- The Enterprise Fund, which reports on activities of the Limited Partnerships and other incorporated entities controlled by the McLeod Lake Indian Band on a modified equity basis.

*b) Reporting entity and principles of financial reporting*

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

These consolidated financial statements consolidate the assets, liabilities and results of operations of Tse'Khene Development Corporation, a not-for-profit corporation created for the benefit of the Band members.

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2014

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

*b) Reporting entity and principles of financial reporting (continued)*

Incorporated business entities and limited partnerships, which are owned by the Band, or are controlled by the Band Council, and which are not dependent on the McLeod Lake Indian Band for their continuing operations, are included in the consolidated financial statements using the modified equity method, whereby the investment was initially recorded at cost and adjusted to recognize the Band's share of earnings or losses, and reduced by distributions received. The business entity's accounting principles are not adjusted to conform with those of the Band.

Incorporated business entities and limited partnerships accounted for using the modified equity method are as follows:

Duz Cho Logging Ltd. (100% owned)  
Duz Cho Logging Limited Partnership (100% owned)  
Duz Cho Construction Ltd. (100% owned)  
Duz Cho Construction Limited Partnership (100% owned)  
McLeod Lake Indian Band Exploration Corporation (100% owned)  
McLeod Lake Indian Band Exploration Limited Partnership (100% owned)  
Duz Cho Group of Companies Limited Partnership (100% owned)

Entities which are not controlled or jointly controlled are accounted for at cost. These include:

Mackenzie Fibre Management Corporation  
Three Feathers Limited Partnership

*c) 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. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

Tangible capital assets

Capital expenditures are any significant expenditure incurred to acquire or improve land, buildings, engineering structures, machinery and equipment. They normally confer benefits lasting beyond one year and result in the acquisition of an asset or in the extension of the life of an asset. Capital expenditures of the General Band Operations Fund, the CMHC Social Housing Fund and the Enterprise Fund are recorded at cost in the respective fund.

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

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

Tangible capital assets are amortized using the diminishing-balance method at the following rates:

Community buildings	4% and 10%
Automotive equipment	30%
Silviculture and logging equipment	30%
Office equipment	20%
Computer equipment	45%
Paving	20%
Water systems and fire protection	4%

Assets that no longer contribute to the ability of the Band to provide services are written down to residual value.

1. **BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES** (continued)

(d) *Revenue recognition*

Government transfers with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when, and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Any such liability is reduced, and an equivalent amount of revenue is recognized as the liability is settled.

Government transfers without stipulations are recognized in the period in which the transfer is authorized, any eligibility criteria have been met and reasonable estimate of the amount to be received can be made.

Certain funding received under the terms of specified use agreements (other than government transfers) is recognized as revenue when the related expenditures are incurred. Such funding received but not yet expended is included in the statement of financial position as deferred revenue.

Revenue earned on timber sale licences is recognized when wood fibre is delivered and the customer takes ownership and assumes the risk of loss, persuasive evidence of an arrangement exists and collection of the relevant receivables is reasonably assured.

Interest income, rental income, consulting fees and user fees are recognized when earned and/or the service is provided and collection is reasonably assured.

(e) *Impairment of long-lived assets*

The Band periodically reviews the useful lives and the carrying values of its long-lived assets for continued appropriateness. The Band reviews for impairment of long-lived assets (or asset groups) to be held and used whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the un-discounted expected future cash flows expected to result from the use and eventual disposition of an asset is less than its carrying amount, it is considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value. When quoted market prices are not available, the Band uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

(f) *Financial instruments*

The Band's financial instruments consist of cash, restricted cash, marketable securities, accounts receivable, timber sales deposits, advances and loans receivable.

Financial instruments are recorded at fair value on initial recognition. They are subsequently recorded at cost less any impairment losses if other than temporary.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Band determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Band expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2014

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(g) 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 reporting period. Significant items subject to such estimates and assumptions include the useful lives for tangible capital assets and valuation allowance for trade receivables and investments, loans and advances. Actual results could differ from those estimates.

*(h) Reforestation*

The Band accounts for costs related to the reforestation of logged areas in the period such areas are logged. Costs represent estimated post logging expenditures related to silviculture responsibilities pursuant to the Band Forest Practices Code.

**2. CASH**

	2014	2013
Cash		
Operations Fund	\$ 1,963,616	\$ 1,266,002
Social Housing Fund	1,839	18,548
Tse'Khene Community Development Corporation	290,239	67,528
	<u>\$ 2,255,694</u>	<u>\$ 1,352,078</u>

The Band has an operating line in the amount of \$800,000 which was not utilized at year end. The operating loan bears interest at prime plus 0.75% (3.75% - March 31, 2014) and is secured by a general security agreement over the assets of the Band.

**3. RESTRICTED CASH**

	2014	2013
Operations Fund	\$ 160,838	\$ 160,477
Social Housing Fund	132,638	120,312
Ottawa Trust Fund	48,194	47,491
	<u>\$ 341,670</u>	<u>\$ 328,280</u>

Operations Fund restricted cash representing a term deposit of \$12,496 (2013 - \$12,496) assigned to the Ministry of Forests, in support of licences and \$148,342 (2013 - \$147,981) of unclaimed capital distributions.

\$132,638 (2013 - \$120,312) representing the social housing replacement reserve (see Note 12), can only be used upon approval of Canada Mortgage and Housing Corporation.

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2014

**3. RESTRICTED CASH (continued)**

Funds on deposit with the Department of Aboriginal Affairs and Northern Development Canada of \$48,194(2013 - \$47,491) arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust for the Band in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The funds are accessible to the Band upon the completion of certain prescribed procedures.

**4. ACCOUNTS RECEIVABLE**

	2 0 1 4	2 0 1 3
McLeod Lake Indian Band Operations Fund		
Aboriginal Affairs and Northern Development Canada	\$ 63,952	\$ 68,344
PGNAETA	-	19,876
Other government agencies	55,472	233,341
Oil and Gas Commission	210,000	160,500
Holdbacks receivable	-	44,828
Mackenzie Fibre	655,215	251,799
Land Referral	423,851	91,344
Other	410,967	244,386
Less: Allowance for doubtful accounts	(90,379)	(5,376)
	<u>1,729,078</u>	<u>1,109,042</u>
Social Housing Fund		
Rents receivable	230,923	219,226
CMHC subsidy receivable	3,880	4,383
Other receivables	-	3,431
	<u>234,803</u>	<u>227,040</u>
Tse'Khene Community Development Corporation		
Accounts receivable	24,748	88,658
	<u>\$ 1,988,629</u>	<u>\$ 1,424,740</u>

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2014

**5. INVESTMENTS AND ADVANCES**

Investments, loans and advances to commercial operations are summarized as follows:

	2014	2013
Wholly-owned incorporated entities	\$ (1,868)	\$ (2,612)
Limited partnerships	43,059,481	36,750,232
Other	400	400
	<u>\$ 43,058,013</u>	<u>\$ 36,748,020</u>

The Band has an ownership interest in limited partnerships in which the limited partner is the McLeod Lake Indian Band Business Trust. The general partners, which are corporations controlled by the McLeod Lake Indian Band, are Duz Cho Logging Ltd., which owns 0.01% of Duz Cho Logging Limited Partnership, Duz Cho Construction Ltd. which owns 0.01% of Duz Cho Construction Limited Partnership, Duz Cho Group of Companies Ltd., which owns 0.01% of Duz Cho Group of Companies Limited Partnership and McLeod Lake Indian Band Exploration Corporation which owns 0.01% of McLeod Lake Indian Band Exploration Limited Partnership. All of the loans and advances are non-interest bearing and have no specific terms of repayment.

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2014

**5. INVESTMENTS AND ADVANCES (continued)**

The Band has made investments in and loans and advances to the general partners as summarized below:

	2014	2013
Duz Cho Logging Ltd.		
Investment in shares, at cost	\$ 100	\$ 100
Share of losses		
Balance, beginning of year	172	228
Loss	(1,209)	(56)
Balance, end of year	(1,037)	172
	(937)	272
Duz Cho Group of Companies Ltd.		
Share of loss	(3)	-
Duz Cho Construction Ltd.		
Investment in shares, at cost	100	100
Due to Duz Cho Construction Ltd.	(100)	(100)
Share of earnings (loss)		
Balance, beginning of year	(550)	(1,205)
Earnings	606	655
Balance, end of year	56	(550)
	56	(550)
McLeod Lake Indian Band Exploration Corporation		
Investment in shares, at cost	1	1
Share of earnings		
Balance, beginning of year	(2,335)	(2,458)
Earnings	1,350	123
Balance, end of year	(985)	(2,335)
	(984)	(2,334)
	\$ (1,868)	\$ (2,612)

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2014

**5. INVESTMENTS AND ADVANCES (continued)**

The McLeod Lake Indian Band holds the remaining 99.99% of McLeod Lake Indian Band Exploration Limited Partnership, Duz Cho Logging Limited Partnership, Duz Cho Construction Limited Partnership, Duz Cho Group of Companies Limited Partnership and McLeod Lake Indian Band Exploration Limited Partnership.

The Band has made investments and contributions to the limited partnerships as summarized below:

	2014	2013
<b>Duz Cho Group of Companies Limited Partnership</b>		
Share of earnings		
Balance, beginning of year	\$ -	\$ -
Transfer from Duz Cho Logging Limited Partnership	5,079,545	-
Transfer from Duz Cho Construction Limited Partnership	14,896,205	-
Share of earnings	10,965,500	-
	<u>30,941,250</u>	<u>-</u>
Balance, end of year		
<b>Duz Cho Logging Limited Partnership</b>		
Share of earnings		
Balance, beginning of year	\$ 5,804,660	\$ 1,727,279
Transfer to Duz Cho Group of Companies LP	(5,079,545)	-
Share of earnings	-	4,435,131
Drawings	(757,115)	(357,750)
	<u>(32,000)</u>	<u>5,804,660</u>
Balance, end of year		
<b>Advances</b>	<u>4,108,741</u>	<u>3,996,523</u>
	<u>4,076,741</u>	<u>9,801,183</u>
<b>Duz Cho Construction Limited Partnership</b>		
Share of earnings		
Balance, beginning of year	\$ 16,444,205	\$ 8,099,752
Transfer to Duz Cho Group of Companies LP	(14,896,205)	-
Share of earnings	-	8,506,453
Drawings	(1,540,000)	(162,000)
	<u>8,000</u>	<u>16,444,205</u>
Balance, end of year		
<b>Advances</b>	<u>11,665</u>	<u>15,552</u>
	<u>19,665</u>	<u>16,459,757</u>
Balance carried forward	\$ 35,037,656	\$ 26,260,940



**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2014

**5. INVESTMENTS AND ADVANCES (continued)**

	2014	2013
Balance brought forward	\$ 35,037,656	\$ 26,260,940
McLeod Lake Indian Band Exploration Limited Partnership		
Share of earnings		
Balance, beginning of year	1,505,321	433,919
Share of earnings	13,496,371	1,233,402
Drawings	(6,389,175)	(162,000)
	<u>8,612,517</u>	<u>1,505,321</u>
Advances	<u>(590,692)</u>	<u>8,968,718</u>
	<u>8,021,825</u>	<u>10,474,039</u>
Three Feathers Limited Partnership		
Share of earnings		
Balance, beginning of year	-	-
Share of earnings	31,724	-
Drawings	(31,724)	-
	<u>-</u>	<u>-</u>
Advances	<u>-</u>	<u>15,253</u>
	<u>\$ 43,059,481</u>	<u>\$ 36,750,232</u>

The summarized balance sheet and income statements of the limited partnerships, as at their year end of October 31, 2013, are shown below:

	2014	2013
Balance sheet information		
Assets	\$ 59,876,724	\$ 54,185,447
Liabilities	19,043,030	29,106,684
Partners' Capital	40,833,694	25,078,763
Results of operations		
Revenues	96,793,762	106,454,114
Expenses	72,326,846	92,236,706
Net earnings	24,466,916	14,217,408

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2014

**6. DEMAND LOANS**

	2014	2013
Royal Bank - demand loan payable in monthly instalments of \$5,500 including interest at prime plus 1.10% (4.10% - March 31, 2013), secured by a general security agreement over the assets of the Development Corporation, maturing December 2016	\$ 160,141	\$ 223,009

**7. LONG-TERM DEBT**

**Operations Fund**

RBC loan- loan payable	\$ -	\$ 35,864
RBC loan- loan payable	-	13,076
RBC loan - loan payable	-	16,973
RBC loan - loan payable	-	6,145

**Social Housing**

All Nations Trust Company - mortgage payable	-	17,397
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All Nations Trust Company - mortgage payable in monthly instalments of \$3,141 including interest at 1.67%, secured by a mortgage on buildings and ministerial guarantee, maturing March 2017	110,216	145,748
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All Nations Trust Company - mortgage payable in monthly instalments of \$2,122 including interest at 3.16%, secured by a mortgage on buildings and ministerial guarantee, maturing April 2018	96,957	119,500
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All Nations Trust Company - mortgage payable in monthly instalments of \$1,784 including interest at 1.65%, secured by a mortgage on buildings and ministerial guarantee, renewal June 2017, maturing April 2027	251,840	268,953
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All Nations Trust Company - mortgage payable in monthly instalments of \$2,572 including interest at 3.16%, secured by a mortgage on buildings and ministerial guarantee, renewal June 2018, maturing May 2023	244,330	268,337
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Balance carried forward	\$ 703,343	\$ 891,991
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MOLECULE LAKE INDIAN BAND  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2014

**7. LONG-TERM DEBT (continued)**

	2014	2013
Balance brought forward	\$ 703,343	\$ 891,993
Royal Bank - mortgage payable in monthly instalments of \$1,384 including interest at 2.85%, secured by a mortgage on buildings and ministerial guarantee, maturing December 2015	43,876	59,001
	<u>\$ 747,219</u>	<u>\$ 950,994</u>

Scheduled principal repayments over the next five years are estimated as follows:

2015	\$ 116,726
2016	131,302
2017	105,232
2018	69,378
2019	46,789

**8. DUE TO SILVICULTURE TRUST**

A Silviculture Trust was established to bear the responsibility for funding silviculture expenditures on settlement lands. The Band funds the Silviculture Trust based on a set charge per cubic metre of logs harvested. Balances accrued based on logging performed are shown below:

	2014	2013
Balance accrued based on logging performed	7,009,550	6,858,399
Less amount paid on behalf of Silviculture	(6,816,869)	(5,167,057)
	<u>\$ 192,681</u>	<u>\$ 1,691,342</u>

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2014

**9. TANGIBLE CAPITAL ASSETS**

	Net Book Value	Net Book Value
McLeod Lake Indian Band		
Community buildings	\$ 3,010,851	\$ 3,091,674
Water system and fire protection	1,242,978	1,289,971
Automotive equipment	317,303	357,463
Silviculture equipment	8,769	12,528
Office equipment	163,173	164,834
Computer equipment	18,118	32,932
Paving	186,149	232,686
Community forest	59,595	59,595
Land	25,000	25,000
	<u>5,031,936</u>	<u>5,266,683</u>
Social Housing Fund		
Buildings	<u>902,538</u>	<u>1,019,133</u>
Tse'Khene Community Development Corporation		
Buildings	1,031,486	684,446
Office equipment	35,594	43,964
Computer equipment	34	76
Land	<u>859,173</u>	<u>859,173</u>
	<u>1,926,287</u>	<u>1,587,659</u>
	<u>\$ 7,860,761</u>	<u>\$ 7,873,475</u>

For additional information, see the Schedule of Tangible Capital Assets (Schedule B)

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

year ended March 31, 2014

**10. EQUITY IN TREATY 8 TRUST**

The McLeod Lake Indian Band is the beneficiary of the McLeod Lake Indian Band Treaty 8 Trust which was established in April 2000 upon ratification of a land settlement agreement. The income from the Trust represented by the Trust Project and Development Account is to be allocated to the Band annually, and the Band must also loan an amount, determined by the Trust, to the Capital Account of the Trust each year. Details of Trust Project and Development Account transactions are shown below:

	2 0 1 4	2 0 1 3
Trust Project and Development Account, beginning of year, as previously reported	\$ 4,895,801	\$ 4,507,819
Revenue - Trust Project and Development Account	2,644,652	1,506,496
Expenses - Trust Project and Development Account	(492,167)	(586,064)
Interfund transfers - Trust Project and Development Account	(4,775,806)	(532,450)
	<u>\$ 2,272,480</u>	<u>\$ 4,895,801</u>

**11. EQUITY IN LAND AND MINERALS TRUST AND PROVINCIAL LAND TRUST**

The McLeod Lake Indian Band is the beneficiary of the McLeod Lake Indian Band Land and Minerals Trust which was established in May 2011. The income from the Trust represented by the Land and Minerals Project Account is to be allocated to the Band annually. Details of Land and Minerals Project Account transactions are shown below:

	2 0 1 4	2 0 1 3
Lands and Minerals Project Account, beginning of year	\$ 566,629	\$ 119,234
Revenue - Lands and Minerals Project Account	670,655	447,392
	<u>\$ 1,237,284</u>	<u>\$ 566,626</u>

**12. REPLACEMENT RESERVES**

Under the terms of agreements with Canada Mortgage and Housing Corporation ("CMHC"), the Band is required to make yearly deposits equal to required contributions to a replacement reserve account for each housing phase. Contributions are based on a percentage of total asset costs. The use of these funds is subject to approval by CMHC. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may be otherwise approved by CMHC. Withdrawals are credited to interest first and then principal.

Under the terms of agreements with CMHC – Full Subsidy Program, after the payment of all costs and expenses including the allocation to the Replacement Reserve fund, any surplus will be retained by the Band within an Operating Reserve fund. These funds, along with accumulated interest, must be held in a separate bank account. These funds may only be used for the ongoing operating costs of the housing projects committed under the Full Subsidy Program. Accordingly, future years' deficits may be recovered from the Operating Reserve fund.

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2014

**12. REPLACEMENT RESERVES (continued)**

Under agreements with CMHC, the Band may also establish a subsidy surplus reserve where any operating surplus can be retained to a maximum of \$500 per housing unit plus interest earned within the reserve. An additional operating surplus, within the CMHC Housing Programs, is subject to recovery by Canada Mortgage and Housing Corporation.

	2 0 1 4	2 0 1 3
Replacement Reserve	\$ 119,827	\$ 149,178
Operating Surplus Reserve	12,813	2,532
	<u>\$ 132,640</u>	<u>\$ 151,710</u>

Replacement reserve information relating to the Band's CMHC housing programs is as follows:

	2 0 1 4	2 0 1 3
Balance, beginning of year	\$ 151,710	\$ 170,994
Allocations for the year, replacement reserve	21,541	22,928
Allocations for the year, operating surplus (deficit)	10,279	(2,789)
Expenditures	(13,830)	(39,423)
Transfer to surplus	(37,060)	-
	<u>\$ 132,640</u>	<u>\$ 151,710</u>

**13. ACCUMULATED SURPLUS**

Surplus (deficit) is comprised of:

	2 0 1 4	2 0 1 3
Operations Fund	\$ 12,682,216	\$ 9,213,794
Enterprise Fund	38,999,650	26,584,150
Social Housing Fund	(665,906)	(707,939)
McLeod Lake Indian Band Development Corporation	700,040	666,752
	<u>51,716,000</u>	<u>35,756,757</u>
Replacement reserves (Note 12)	132,640	151,710
Equity in McLeod Lake Indian Band Treaty 8 Trust (Note 10)	2,272,480	4,895,801
Equity in Lands and Minerals Trust (Note 11)	1,237,284	566,626
Equity in Ottawa Trust Funds	48,193	47,491
	<u>\$ 55,406,597</u>	<u>\$ 41,418,385</u>

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2014

**14. CONTINGENT LIABILITIES**

The Band has entered into an agreement with the McLeod Lake Indian Band Silviculture Trust to perform reforestation activities on behalf of the Band (Note 8). In the event actual future reforestation costs exceed the resources of the McLeod Lake Indian Band Silviculture Trust the Band is contingently liable to fund the shortfall.

**15. PENSION PLAN**

The Band has a defined contribution pension plan for certain employees. The employees contribute a minimum of 5% of their earnings which McLeod Lake Indian Band matches.

**16. RELATED PARTY TRANSACTIONS**

During the year, the Band paid logging costs in the amount of \$1,062,466 to Duz Cho Logging Limited Partnership (2013 - \$906,188) for logging settlement lands.

**17. EXPENSES BY OBJECT**

	2 0 1 4	2 0 1 3
Amortization	\$ 502,261	\$ 478,815
Communications	143,032	164,115
Consulting	346,581	342,906
Contracts	1,025,177	281,787
Honoraria	402,942	394,837
Insurance	149,498	100,784
Legal and professional	1,033,762	702,860
Logging and silviculture	1,652,690	1,450,677
Material and supplies	312,648	126,248
Membership assistance and distributions	11,078,141	969,721
Office and miscellaneous	361,485	144,034
Other (recovery)	523,297	(71,288)
Treaty 8 Trust Section 10.1 loan contribution (recovery)	(3,655,536)	460,216
Travel	476,485	422,933
Wages and benefits	2,395,289	2,063,458
	<u>\$ 16,747,752</u>	<u>\$ 8,032,103</u>

**18. INCOME AND EXPENDITURES BY SEGMENT**

The Band has presented income and expenditures by segment in Schedule A. The segments presented are as follows:

*Operating Fund:*

Administration – this segment reflects funding and expenditures related to Band governance activities.

Community Health Services – this segment discloses program activities funded by the First Nations Health Authority (formerly funded by Health Canada) that relate to provision health related services to the Band members.

Education Services – this segment discloses program activities primarily funded by Aboriginal Affairs and Northern Development Canada ("AANDC"). These programs relate to elementary, secondary and post-secondary education.

Social Services – this segment relates to programs and services related to the social benefit and welfare of Band members, including social assistance, daycare and infant development, and is funded by primarily by AANDC and the Province of British Columbia.

Membership Services – this segment relates to programs and services to Band members and is funded primarily by the business entities owned by the Band and the Oil and Gas Commission. The programs relate to youth, elders, employment training and distributions.

Infrastructure Services – this segment relates to services relating to operation and maintenance of the Bands community buildings and water facilities.

Natural Resource Services – this segment relates to program and services involving forestry, land management and consultation and is primarily funded by contract revenue, AANDC and the Oil and Gas Commission.

Economic Development Services – this segment relates to programs relating to economic development and is primarily funded by the Oil and Gas Commission and AANDC.

Capital Services – this segment discloses the services related to housing renovations and repairs and is funded by the Oil and Gas Commission and AANDC.

Schedule A also discloses activities related to funds operated by the Band including the Social Housing Fund, Development Corporation Fund, Enterprise Fund, Trust Fund and the Ottawa Trust Fund, as disclosed in Note 1.

**19. COMPARATIVE FIGURES**

Certain balances have been reclassified to conform to the presentation adopted in the current year.

**20. BUDGETED FIGURES**

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



## MCLEOD LAKE INDIAN BAND

## INCOME AND EXPENDITURES BY SEGMENT

year ended March 31, 2014

## SCHEDULE A

Programs	AANDC Revenue	Total Revenue	Total Expenditure	Net (Expenditure) Revenue Before Adjustments	Net Transfers/ Recovery of prior year surplus	Net (Expenditure) Revenue After Adjustments	2013 Opening Equity (Deficit)	2014 Closing Equity (Deficit)
Unrestricted								
Administration	\$ 271,529	\$ 1,030,132	\$ (1,033,540)	\$ 2,063,671	\$ 1,551,988	\$ 3,615,659	\$ 2,266,549	\$ 5,882,208
Community Health Services	-	414,363	507,880	(93,517)	-	(93,517)	51,920	(41,597)
Education	432,948	12,333	436,105	9,176	(9,368)	(192)	42,757	42,565
Social Development	622,714	805,046	315,506	489,540	(443,577)	45,963	80,767	126,730
Membership	3,887	414,463	11,248,845	(10,830,495)	10,871,072	40,577	190,959	231,536
Infrastructure	185,547	50,000	801,990	(566,443)	189,615	(376,828)	4,219,784	3,842,956
Natural Resources	279,536	1,786,749	1,896,423	169,862	108,724	278,586	2,101,930	2,380,516
Economic Development	31,217	136,300	54,020	113,497	-	113,497	18,953	132,450
Capital	76,480	163,200	218,662	21,018	(189,615)	(168,597)	450,484	281,887
Development Corporation	-	312,162	278,874	33,288	-	33,288	686,752	700,040
Social Housing Fund	-	325,652	310,400	15,252	26,781	42,033	(707,939)	(665,906)
Enterprise Fund	-	24,494,339	-	24,494,339	(12,078,839)	12,415,500	26,584,150	38,999,650
Trust Fund	-	1,665,964	1,712,587	(46,623)	59,897	13,274	(210,309)	(197,035)
	1,903,858	32,620,318	16,747,752	15,872,565	86,678	15,959,242	35,756,757	51,715,999
Restricted								
Ottawa Trust Fund	-	1,897	-	1,897	(1,195)	702	47,491	48,193
Programs	AANDC Revenue	Total Revenue	Total Expenditure	(Expenditure) Revenue Before Adjustments	Net Transfers/ Recovery of prior year surplus	(Expenditure) Revenue After Adjustments	Opening Equity (Deficit)	Closing Equity (Deficit)
Unrestricted								
Administration	265,887	1,547,583	1,430,564	117,019	217,229	334,248	1,932,301	2,266,549
Community Health Services	-	415,351	435,823	(20,472)	(7,639)	(28,111)	80,031	51,920
Education	423,952	21,440	415,731	29,661	(16,643)	13,018	29,739	42,757
Social Development	609,790	158,230	375,669	392,351	(449,836)	(57,485)	138,252	80,767
Membership	3,807	378,179	1,110,201	(728,215)	786,000	57,785	133,174	190,959
Infrastructure	182,080	140,815	570,993	(248,098)	150,000	(98,098)	4,317,882	4,219,784
Natural Resources	279,536	2,453,590	1,262,992	1,470,134	100,000	1,570,134	531,796	2,101,930
Economic Development	30,569	18,200	29,816	18,953	-	18,953	-	18,953
Capital	326,642	25,461	147,648	204,455	(58,000)	146,455	304,029	450,484
Development Corporation	-	354,222	325,841	28,381	-	28,381	638,371	666,752
Social Housing Fund	-	261,393	476,148	(214,755)	2,789	(211,966)	(495,973)	(707,939)
Enterprise Fund	-	14,175,708	-	14,175,708	(786,750)	13,388,958	13,195,192	26,584,150
Trust Fund	-	1,374,214	1,450,677	(76,463)	44,875	(31,588)	(178,721)	(210,309)
	2,122,263	21,058,499	8,032,103	15,148,659	(17,975)	15,130,684	20,626,073	35,756,757
Restricted								
Ottawa Trust Fund	-	550	-	550	(1,160)	(610)	48,101	47,491

**MCLEOD LAKE INDIAN BAND  
TANGIBLE CAPITAL ASSETS**  
year ended March 31, 2014

**SCHEDULE B**

	Community buildings	Water system & fire protection	Automotive equipment	Silviculture equipment	Office equipment	Computer equipment	Paving	Community forest	Land	Social housing fund buildings	McLeod Lake Development Corporation	Total 2014
<b>Cost</b>												
Balance, beginning of the year	\$ 3,921,474	\$ 1,306,922	\$ 1,386,728	\$ 89,994	\$ 835,580	\$ 203,582	\$ 970,543	\$ 59,595	\$ 25,000	\$ 3,167,814	\$ 1,926,366	\$ 13,893,598
Add: Additions	21,146	-	69,682	-	24,174	-	-	-	-	-	374,545	489,547
Less: Disposals	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance, end of year</b>	<b>\$ 3,942,620</b>	<b>\$ 1,306,922</b>	<b>\$ 1,456,410</b>	<b>\$ 89,994</b>	<b>\$ 859,754</b>	<b>\$ 203,582</b>	<b>\$ 970,543</b>	<b>\$ 59,595</b>	<b>\$ 25,000</b>	<b>\$ 3,167,814</b>	<b>\$ 2,300,911</b>	<b>\$ 14,383,145</b>
<b>Accumulated amortization</b>												
Balance, beginning of year	829,800	16,951	1,029,265	77,466	670,746	170,550	737,858	-	-	2,148,881	338,707	6,020,124
Add: amortization	101,969	46,993	109,842	3,759	25,835	14,814	48,537	-	-	116,595	35,917	502,261
Less: Accumulated Amortization on disposals	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance, end of year</b>	<b>\$ 931,769</b>	<b>\$ 63,944</b>	<b>\$ 1,139,107</b>	<b>\$ 81,225</b>	<b>\$ 696,581</b>	<b>\$ 185,464</b>	<b>\$ 784,395</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,265,276</b>	<b>\$ 374,624</b>	<b>\$ 6,522,385</b>
<b>Net book value</b>	<b>\$ 3,010,851</b>	<b>\$ 1,242,978</b>	<b>\$ 317,303</b>	<b>\$ 8,769</b>	<b>\$ 163,173</b>	<b>\$ 18,118</b>	<b>\$ 186,148</b>	<b>\$ 59,595</b>	<b>\$ 25,000</b>	<b>\$ 902,538</b>	<b>\$ 1,926,287</b>	<b>\$ 7,860,760</b>
2013 net book value	\$ 3,091,674	\$ 1,289,971	\$ 357,463	\$ 12,528	\$ 164,834	\$ 32,932	\$ 232,665	\$ 59,595	\$ 25,000	\$ 1,019,133	\$ 1,587,659	\$ 7,873,474

**TANGIBLE CAPITAL ASSETS**  
year ended March 31, 2013

	Community buildings	Water system & fire protection	Automotive equipment	Silviculture equipment	Office equipment	Computer equipment	Paving	Community forest	Land	Social housing fund buildings	McLeod Lake Development Corporation	Total 2013
<b>Cost</b>												
Balance, beginning of the year	\$ 3,861,409	\$ 1,055,179	\$ 1,180,505	\$ 89,994	\$ 814,346	\$ 170,597	\$ 970,543	\$ 59,595	\$ 25,000	\$ 3,167,814	\$ 1,872,842	\$ 13,267,824
Add: Additions	60,065	251,742	252,470	-	21,235	32,865	-	-	-	-	53,524	672,021
Less: Disposals	-	-	(46,247)	-	-	-	-	-	-	-	-	(46,247)
<b>Balance, end of year</b>	<b>\$ 3,921,474</b>	<b>\$ 1,306,922</b>	<b>\$ 1,386,728</b>	<b>\$ 89,994</b>	<b>\$ 835,580</b>	<b>\$ 203,582</b>	<b>\$ 970,543</b>	<b>\$ 59,595</b>	<b>\$ 25,000</b>	<b>\$ 3,167,814</b>	<b>\$ 1,926,366</b>	<b>\$ 13,893,598</b>
<b>Accumulated amortization</b>												
Balance, beginning of year	721,450	168	991,782	72,098	641,075	144,053	679,686	-	-	2,027,978	272,401	5,550,701
Add: amortization	108,340	16,783	80,112	5,369	29,671	26,597	58,172	-	-	120,703	66,306	512,052
Less: Accumulated Amortization on disposals	-	-	(42,629)	-	-	-	-	-	-	-	-	(42,629)
<b>Balance, end of year</b>	<b>\$ 829,800</b>	<b>\$ 16,951</b>	<b>\$ 1,029,265</b>	<b>\$ 77,466</b>	<b>\$ 670,746</b>	<b>\$ 170,650</b>	<b>\$ 737,858</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,148,681</b>	<b>\$ 338,707</b>	<b>\$ 6,020,124</b>
<b>Net book value</b>	<b>\$ 3,091,674</b>	<b>\$ 1,289,971</b>	<b>\$ 357,463</b>	<b>\$ 12,528</b>	<b>\$ 164,834</b>	<b>\$ 32,932</b>	<b>\$ 232,665</b>	<b>\$ 59,595</b>	<b>\$ 25,000</b>	<b>\$ 1,019,133</b>	<b>\$ 1,587,659</b>	<b>\$ 7,873,474</b>
2012 net book value	\$ 3,139,949	\$ 1,055,011	\$ 188,723	\$ 17,886	\$ 173,270	\$ 26,544	\$ 290,857	\$ 55,595	\$ 25,000	\$ 1,139,835	\$ 859,173	\$ 6,971,853