

**McLeod Lake Indian Band**  
**Consolidated Financial Statements**  
*March 31, 2020*

# McLeod Lake Indian Band

## Contents

For the year ended March 31, 2020

Page

### Management's Responsibility

### Independent Auditor's Report

### Consolidated Financial Statements

Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Change in Net Financial Assets.....	3
Consolidated Statement of Cash Flows.....	4

Notes to the Consolidated Financial Statements.....	5
---	---

### Schedules

Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	22
Schedule 2 - Consolidated Schedule of Expenses by Object.....	24
Schedule 3 - Schedule of Revenue and Expenses - Administration.....	25
Schedule 4 - Schedule of Revenue and Expenses - Business Enterprises.....	26
Schedule 5 - Schedule of Revenue and Expenses - Capital Projects.....	27
Schedule 6 - Schedule of Revenue and Expenses - Community Health.....	28
Schedule 7 - Schedule of Revenue and Expenses - Education.....	29
Schedule 8 - Schedule of Revenue and Expenses - Infrastructure.....	30
Schedule 9 - Schedule of Revenue and Expenses - Membership.....	31
Schedule 10 - Schedule of Revenue and Expenses - Natural Resources.....	32
Schedule 11 - Schedule of Revenue and Expenses - Social Development.....	33
Schedule 12 - Schedule of Revenue and Expenses - Social Housing.....	34

## **Management's Responsibility**

---

To the Members of McLeod Lake Indian Band:

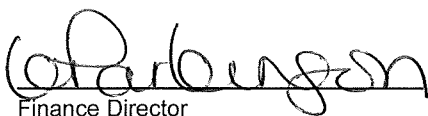
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate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

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

The Chief and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council are also responsible for recommending the appointment of the Band's external auditors.

MNP LLP is appointed by Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to both Chief and Council and management to discuss their audit findings.

July 16, 2020

  
Finance Director

# Independent Auditor's Report

---

To the Members of McLeod Lake Indian Band:

## Opinion

We have audited the consolidated financial statements of McLeod Lake Indian Band and its subsidiaries (the "Band"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, accumulated surplus (deficit), changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Band as at March 31, 2020, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Band in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Band's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Band or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Band's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Band's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Band's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Band to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Band to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Prince George, British Columbia

July 16, 2020

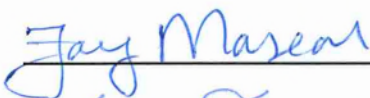
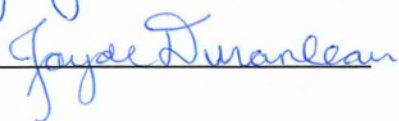
*MNP* LLP

Chartered Professional Accountants

**McLeod Lake Indian Band**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2020*


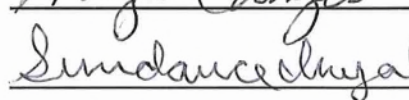
	2020	2019
<b>Financial assets</b>		
Cash (Note 3)	22,121,296	75,462,048
Accounts receivable and accruals (Note 4)	1,802,265	9,678,045
Guaranteed investment certificates	12,142	12,032
Restricted cash (Note 5)	333,779	316,540
Advances to related Band entity (Note 6)	63,480	-
Inventory for resale (Note 7)	204,165	1,390,999
Investment in Band business entities (Note 8)	36,312,316	33,270,773
Funds held in trust (Note 9)	47,492	47,492
<b>Total financial assets</b>	<b>60,896,935</b>	<b>120,177,929</b>
<b>Liabilities</b>		
Accounts payable and accruals (Note 10)	1,636,468	3,408,021
Deferred revenue (Note 11)	4,803	490,705
Debt (Note 12)	6,879,974	7,246,778
Advances from related Band entities (Note 13)	23,073,145	78,088,289
Capital lease obligation (Note 14)	232,802	-
<b>Total liabilities</b>	<b>31,827,192</b>	<b>89,233,793</b>
<b>Net financial assets</b>	<b>29,069,743</b>	<b>30,944,136</b>
<b>Contingent liabilities (Note 15)</b>		
<b>Subsequent event (Note 16)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	20,659,101	27,095,810
Prepaid expenses	19,383	19,816
<b>Total non-financial assets</b>	<b>20,678,484</b>	<b>27,115,626</b>
<b>Accumulated surplus (Note 17)</b>	<b>49,748,227</b>	<b>58,059,762</b>

Approved on behalf of Chief and Council:

Deputy Chief

Councilor

Councilor

Councilor

# McLeod Lake Indian Band

## Consolidated Statement of Operations and Accumulated Surplus

*For the year ended March 31, 2020*

	<i>Schedules</i>	<i>2020 Budget (Note 23)</i>	<i>2020</i>	<i>2019</i>
<b>Revenue</b>				
Sale of logs from settlement lands		-	16,644,789	82,444,069
Forest products		-	3,949,965	6,008,714
Earnings from investment in band business entities (Note 8)		-	3,416,543	2,551,435
Trust revenue		-	2,883,000	3,120,000
Contract revenue		1,057,000	2,783,392	2,190,384
Indigenous Services Canada (Note 18)		2,229,510	2,360,765	2,315,630
Province of British Columbia		20,000	1,252,107	382,682
Sale of goods and services		-	1,213,727	1,176,190
First Nations Health Authority		645,915	788,365	779,983
Interest income		-	696,053	458,320
Oil and Gas Commission		900,000	503,000	776,000
Other revenue		35,000	451,510	327,564
Rental revenue		-	278,894	246,390
Prince George Nechako Aboriginal Employment & Training Association		166,000	203,885	139,908
Ministry of Children and Family Development		80,400	158,816	112,383
Housing rental revenue		-	136,456	173,827
Donations		90,000	128,810	110,127
Royalty income		-	72,352	183,250
Expense reimbursement		-	28,336	109,240
Canada Mortgage and Housing Corporation		-	31,595	34,038
Gain (loss) on sale of tangible capital assets		-	13,989	(1,096)
Daycare revenue		8,000	12,133	18,292
First Nations Education Steering Committee		-	3,530	3,889
Exchange gain (loss)		-	(326,858)	12,127
		<b>5,231,825</b>	<b>37,685,154</b>	<b>103,673,346</b>
<b>Expenses (Schedule 2)</b>				
Administration	3	2,843,455	2,846,712	2,806,620
Business Enterprises	4	180,460	16,167,195	11,943,343
Capital Projects	5	361,880	251,420	268,437
Community Health	6	625,915	634,493	566,801
Education	7	986,825	1,353,885	1,087,977
Infrastructure	8	504,595	1,260,527	1,007,954
Membership	9	6,399,415	6,143,465	5,571,370
Natural Resources	10	1,990,980	4,912,516	8,907,643
Social Development	11	782,980	733,360	557,510
Social Housing	12	-	(72,592)	(167,812)
		<b>14,676,505</b>	<b>34,230,981</b>	<b>32,549,843</b>
<b>Surplus before transfer</b>		<b>(9,444,680)</b>	<b>3,454,173</b>	<b>71,123,503</b>
<b>Transfer to trust</b>		<b>-</b>	<b>(11,765,708)</b>	<b>(63,492,310)</b>
<b>Annual surplus (deficit)</b>		<b>(9,444,680)</b>	<b>(8,311,535)</b>	<b>7,631,193</b>
<b>Accumulated surplus, beginning of year</b>		<b>-</b>	<b>58,059,762</b>	<b>50,428,569</b>
<b>Accumulated surplus, end of year</b>		<b>-</b>	<b>49,748,227</b>	<b>58,059,762</b>

The accompanying notes are an integral part of these financial statements

**McLeod Lake Indian Band**  
**Consolidated Statement of Change in Net Financial Assets**  
*For the year ended March 31, 2020*

	<i>2020 Budget (Note 23)</i>	<i>2020</i>	<i>2019</i>
<b>Annual surplus (deficit)</b>	<b>9,444,680</b>	<b>(8,311,535)</b>	7,631,193
Purchases of tangible capital assets	-	<b>(2,625,754)</b>	(6,137,230)
Purchases of leased assets	-	<b>(334,902)</b>	-
Amortization of tangible capital assets	-	<b>1,606,939</b>	1,942,353
Proceeds of disposal of tangible capital assets	-	<b>227,326</b>	-
Use of prepaid expenses	-	<b>433</b>	167,527
Loss (gain) on disposal of tangible capital assets	-	<b>(13,989)</b>	1,096
Impairment	-	<b>7,577,089</b>	-
	-	<b>6,437,142</b>	(4,026,254)
<b>Increase (decrease) in net financial assets</b>	<b>9,444,680</b>	<b>(1,874,393)</b>	3,604,939
<b>Net financial assets, beginning of year</b>	-	<b>30,944,136</b>	27,339,197
<b>Net financial assets, end of year</b>	<b>9,444,680</b>	<b>29,069,743</b>	30,944,136

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



**McLeod Lake Indian Band**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2020*

	2020	2019
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	(8,311,535)	7,631,193
Non-cash items		
Amortization	1,606,939	1,942,353
Loss (gain) on disposal of tangible capital assets	(13,989)	1,096
Bad debt recovery	(156,374)	(349,209)
Earnings from investment in Band business entities	(3,416,543)	(2,551,435)
Impairment	7,577,089	-
	(2,714,413)	6,673,998
Changes in working capital accounts		
Accounts receivable and accruals	7,875,780	(4,656,491)
Restricted cash	(17,239)	(29,349)
Accounts payable and accruals	(1,771,553)	(1,792,737)
Inventory for resale	1,186,834	9,986
Deferred revenue	(485,902)	353,468
Use of prepaid expenses	433	167,527
Short-term investment	(110)	-
	4,073,830	726,402
<b>Financing activities</b>		
Advances of long-term debt	-	6,969,288
Repayment of debt	(366,804)	(2,430,115)
Repayment of capital lease	(102,100)	-
Net advances to (from) related entities	(54,922,250)	64,799,507
	(55,391,154)	69,338,680
<b>Capital activities</b>		
Purchases of tangible capital assets	(2,625,754)	(6,137,230)
Proceeds of disposal of tangible capital assets	227,326	-
	(2,398,428)	(6,137,230)
<b>Investing activities</b>		
Distributions from (to) Band business entities	375,000	(769,721)
<b>Increase in cash</b>	(53,340,752)	63,158,131
<b>Cash, beginning of year</b>	75,462,048	12,303,917
<b>Cash, end of year</b>	22,121,296	75,462,048

The accompanying notes are an integral part of these financial statements

# McLeod Lake Indian Band

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2020*

---

### 1. Operations

The McLeod Lake Indian Band (the "Band") is located in the province of British Columbia, and provides various services to its members. McLeod Lake Indian Band includes the Band's members, government and all related entities that are accountable to the Band and are either owned or controlled by the Band.

### 2. Significant accounting policies

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

#### ***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 interfund balances have been eliminated.

The Band maintains the following funds:

- The Operating Fund, which reports on the general activities of the Band administration.
- The Ottawa Trust Fund, which reports on trust monies owned by the Band and held by third parties.
- The Canada Mortgage and Housing Corporations ("CMHC") Social Housing Fund, which reports the CMHC funded social housing operations of the Band.
- The Capital Fund reports on the tangible capital assets of the Band, less any related capital financing.
- 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.

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

The consolidated financial statements consolidate the financial activities of all entities and departments comprising the Band reporting entity, except for Band business entities. Trusts administered on behalf of third parties by McLeod Lake Indian Band are excluded from the Band reporting entity.

The Band has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Social Housing Fund
- Tse'khene Community Development Corporation
- Tse'khene Food and Fuel Ltd.
- Duz Cho Forest Products Limited Partnership
- Duz Cho Forest Products Ltd.

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

McLeod Lake Indian Band business enterprises, owned or controlled by the Band's Chief and Council but not dependant on the Band for their continuing operations, are included in the consolidated financial statements using the modified equity method. Band business partnerships, jointly owned and controlled by the Band's Chief and Council that are not dependent on the Band for their continuing operations, are included in the consolidated financial statements using the modified equity method.

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

Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Band. Thus, the Band's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Duz Cho Logging Ltd. (100% owned)
- Duz Cho Logging Limited Partnership (99.99% owned)
- Duz Cho Construction Ltd. (100% owned)
- Duz Cho Construction Limited Partnership (99.99% owned)
- Duz Cho Group of Companies Ltd. (100% owned)
- Duz Cho Group of Companies Limited Partnership (100% owned)
- Three Feathers Limited Partnership (33.3% owned)
- McLeod Lake Mackenzie Community Forest Limited Partnership (50% owned)

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

- Mackenzie Fibre Management Corporation

***Basis of presentation***

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

***Funds held in Trust***

Funds held in trust on behalf of Band members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other Band tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

***Net financial assets***

The Band's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Band is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets and comprise a second indicator of financial position, accumulated surplus (deficit).

***Asset classification***

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

***Cash***

Cash includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

**McLeod Lake Indian Band**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

---

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

***Tangible capital assets***

Capital expenditures are any significant expenditure incurred to acquire or improve land, buildings, engineering structures, machinery or equipment. The benefits last beyond one year and result in the acquisition of an asset or are an extension of the life of an asset. Tangible capital assets are initially recorded at cost less accumulated amortization. Contributed tangible assets are recorded at their fair value at the date of contribution.

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

All intangible assets and items inherited by the right of the Band, such as reserve lands, forests, water resources and mineral resources, are not recognized in the Band's consolidated financial statements.

***Amortization***

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives. In the year of acquisition, amortization is taken at one-half of the rates.

	<b><i>Method</i></b>	<b><i>Rate</i></b>
Buildings (includes Social Housing) and Paving	straight-line	10 - 20 years
Water Systems & Fire Protection	straight-line	10 years
Automotive and Mobile Equipment	straight-line	5 years
Office and Computer Equipment	straight-line	5 years
Manufacturing Equipment and Small Tools	straight-line	2 - 10 years

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

**Revenue recognition**

*i) Government Transfers*

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

*ii) Band Capital and Revenue Trust Funds*

The Band recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

*iii) Investment Income*

Investment income is recognized by the Band when the investment income is earned.

*iv) Forestry Revenue*

Revenue earned on timber sale licenses 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 is reasonably assured.

*v) Other Revenue*

Revenue earned from the sale of lumber, fuel, tobacco and confectionary items is recognized when the goods are delivered to the customer, persuasive evidence of an arrangement exists, and collection is reasonably assured.

Interest income, rental income, and other revenue are recognized when earned and/or when the service is provided and collection is reasonably assured.

**Measurement uncertainty**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are based on the best information available regarding potentially contaminated sites that the Band is responsible for.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

**Segments**

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

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

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

**McLeod Lake Indian Band**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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

**Reforestation**

The Band accounts for costs related to the reforestation of logged areas in the period such areas are logged. Costs represent the required contribution to the McLeod Lake Indian Band Silviculture Trust pursuant to the Band Forest Practices Code.

**Liability for contaminated site**

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Band is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2020.

At each financial reporting date, the Band reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Band continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2020, no liability for contaminated site exists.

**Financial instruments**

The Band's financial instruments consist of cash, accounts receivable and accruals, guaranteed investment certificates, restricted cash, accounts payable and accruals, debt and advances from related Band entities.

The Band recognizes its financial instruments when the Band becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value. They are subsequently recorded at cost less any impairment losses if other than temporary.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in annual surplus (deficit). Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets are tested annually for impairment. Management considers if there is a significant adverse change in the expected amount or timing of cash flows from the financial asset in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

**3. Cash**

	<b>2020</b>	<b>2019</b>
Operations Fund	<b>20,185,359</b>	71,807,113
Social Housing Fund	<b>678,486</b>	367,847
Duz Cho Forest Products Limited Partnership	<b>73,081</b>	1,191,684
Tse'khene Community Development Corporation	<b>1,166,084</b>	2,088,450
Tse'khene Food & Fuel Ltd.	<b>18,286</b>	6,954
	<b>22,121,296</b>	75,462,048

**McLeod Lake Indian Band**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

**4. Accounts receivable and accruals**

	<b>2020</b>	<b>2019</b>
Operations Fund	<b>1,598,246</b>	9,069,005
Social Housing Fund	<b>481,428</b>	718,837
Duz Cho Forest Products Limited Partnership	<b>26,313</b>	382,013
Tse'khene Community Development Corporation	<b>29,819</b>	29,016
Tse'khene Food and Fuel Ltd.	<b>66,163</b>	47,863
	<b>2,201,969</b>	10,246,734
Less: Allowance for doubtful accounts	<b>399,704</b>	568,689
	<b>1,802,265</b>	9,678,045

Included in the operations fund is amounts receivable from Indigenous Services Canada of \$54,908 (2019 - \$17,963).

**5. Restricted cash**

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the replacement reserve account is to be credited in the amount of \$10,000 (2019 - \$10,000) annually. 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 otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, these reserves were adequately funded.

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), excess revenues over expenditures for the Post 1996 phases may be retained in an operating reserve. 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 otherwise be approved by CMHC from time to time. At year end, the operating reserve was adequately funded.

Restricted cash is comprised of the following:

	<b>2020</b>	<b>2019</b>
Replacement reserve	<b>174,264</b>	174,264
Operating reserve	<b>159,515</b>	142,276
	<b>333,779</b>	316,540

**6. Advances to related Band entity**

	<b>2020</b>	<b>2019</b>
Tse'Khene Timber Ltd.	<b>63,480</b>	-

**McLeod Lake Indian Band**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

**7. Inventory for resale**

	2020	2019
Duz Cho Forest Products Limited Partnership	140,916	1,349,191
Tse'khene Food and Fuel Ltd.	38,249	41,808
Tse'khene Community Development Corporation	25,000	-
	<b>204,165</b>	<b>1,390,999</b>

The cost of inventories recognized as an expense during the year was \$4,122,866 (2019 - \$4,168,573).

**8. Investment in Band business entities**

	<i>Balance, beginning of year</i>	<i>Loans / advances</i>	<i>Share of earnings (loss)</i>	<i>Distributions</i>	<i>2020 Total investment</i>
<b>Portfolio Investments:</b>					
Mackenzie Fibre Management Corporation	400	-	-	-	400
<b>Wholly-owned Businesses:</b>					
Duz Cho Logging Ltd.	(2,503)	-	(1,195)	-	(3,698)
Duz Cho Construction Ltd.	(2,531)	-	(474)	-	(3,005)
Duz Cho Group of Companies Ltd.	(5,066)	-	81	-	(4,985)
	<b>(10,100)</b>	<b>-</b>	<b>(1,588)</b>	<b>-</b>	<b>(11,688)</b>
<b>First Nation Business Partnerships - Modified Equity:</b>					
Duz Cho Logging Limited Partnership (99.99%)	14,205,592	-	(1,946,560)	-	12,259,032
Duz Cho Construction Limited Partnership (99.99%)	16,213,797	-	4,264,736	-	20,478,533
Duz Cho Group of Companies Limited Partnership (99.99%)	(91,413)	-	5,766	-	(85,647)
McLeod Lake Mackenzie Community Forest Limited Partnership (50%)	2,696,402	-	755,022	(75,000)	3,376,424
Three Feathers Limited Partnership (33.3%)	256,095	-	339,167	(300,000)	295,262
	<b>33,280,473</b>	<b>-</b>	<b>3,418,131</b>	<b>(375,000)</b>	<b>36,323,604</b>
	<b>33,270,773</b>	<b>-</b>	<b>3,416,543</b>	<b>(375,000)</b>	<b>36,312,316</b>



**McLeod Lake Indian Band**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

**8. Investment in Band business entities** *(Continued from previous page)*

	<i>Balance, beginning of year</i>	<i>Loans / advances</i>	<i>Share of earnings (loss)</i>	<i>Distributions</i>	<i>2019 Total investment</i>
<b>Portfolio Investments:</b>					
Mackenzie Fibre Management Corporation	400	-	-	-	400
<b>Wholly-owned Businesses:</b>					
Duz Cho Logging Ltd.	3,412,908	(3,413,200)	(2,211)	-	(2,503)
Duz Cho Construction Ltd.	(39,584)	-	37,053	-	(2,531)
Duz Cho Group of Companies Ltd.	(4,075)	-	(991)	-	(5,066)
	3,369,249	(3,413,200)	33,851	-	(10,100)
<b>First Nation Business Partnerships – Modified Equity:</b>					
Duz Cho Logging Limited Partnership (99.90%)	9,334,310	3,413,200	1,458,082	-	14,205,592
Duz Cho Construction Limited Partnership (99.90%)	15,222,879	-	990,918	-	16,213,797
Duz Cho Group of Companies Limited Partnership (99.99%)	-	-	(91,413)	-	(91,413)
McLeod Lake Mackenzie Community Forest Limited Partnership (50%)	2,797,616	-	(1,214)	(100,000)	2,696,402
Three Feathers Limited Partnership (33.3%)	94,884	-	161,211	-	256,095
	27,449,689	3,413,200	2,517,584	(100,000)	33,280,473
	30,819,338	-	2,551,435	(100,000)	33,270,773

*Continued on next page*

**McLeod Lake Indian Band**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

**8. Investment in Band business entities** *(Continued from previous page)*

Summary financial information for each Band business entity, accounted for using the modified equity method, for their respective year-ends is provided below.

The Band's investees have a different year-end than March 31, 2020, as described below. The Band uses the investees' year-end financial statements to account for its investment in these investees. There have been no significant events or transactions in the interim period.

McLeod Lake Indian Band Exploration Limited Partnership was dissolved during the year therefore there is no financial information to present for this entity.

The following entities are unaudited: Three Feathers Limited Partnership, Duz Cho Group of Companies Ltd, Duz Cho Logging Ltd and Duz Cho Construction Ltd and Duz Cho Group of Companies Limited Partnership.

Duz Cho Forest Products Limited Partnership has been accounted for using the consolidation method as the Limited Partnership is not self-sustaining. Included in the Band's consolidated financial statements are revenue of \$3,975,696, expenses of \$14,651,423 and net loss of \$10,675,727.

	<i>Duz Cho Logging Limited Partnership As at October 31, 2019</i>	<i>Duz Cho Construction Limited Partnership As at October 31, 2019</i>	<i>McLeod Lake Mackenzie Community Forest Limited Partnership As at December 31, 2019</i>	<i>Three Feathers Limited Partnership As at April 30, 2020 (Unaudited)</i>
<b>Assets</b>				
Cash	-	183,802	237,548	1,119,023
Accounts receivable	4,470,080	11,968,638	30,632	571,534
Inventory	688,067	291,979	-	-
Investments	40,629	-	7,954,085	-
Advances to related parties	4,841,713	5,938,337	-	1,650
Property, plant and equipment	9,638,782	11,032,247	110,492	-
Prepaid expenses	6,327	85,285	30,053	13,200
Intangible assets	835,299	-	-	-
<b>Total assets</b>	<b>20,520,897</b>	<b>29,500,288</b>	<b>8,362,810</b>	<b>1,705,407</b>
<b>Liabilities</b>				
Bank indebtedness	651,002	284,356	-	-
Accounts payable and accruals	1,748,003	3,776,870	372,120	819,374
Advances from related parties	1,982,748	-	71,529	-
Long-term debt	1,343,294	533,253	-	-
Capital leases	3,848,006	4,425,136	-	-
Other long-term liabilities	-	-	1,166,313	-
<b>Total liabilities</b>	<b>9,573,053</b>	<b>9,019,615</b>	<b>1,609,962</b>	<b>819,374</b>
<b>Partners' Capital</b>	<b>10,947,844</b>	<b>20,480,673</b>	<b>6,752,848</b>	<b>886,033</b>
<b>Total revenue (loss)</b>	<b>28,322,774</b>	<b>25,515,793</b>	<b>3,661,512</b>	<b>1,732,325</b>
<b>Total expenses</b>	<b>30,273,540</b>	<b>21,250,631</b>	<b>1,749,957</b>	<b>737,640</b>
<b>Comprehensive income (loss)</b>	<b>(1,950,766)</b>	<b>4,265,162</b>	<b>1,911,555</b>	<b>994,685</b>

**McLeod Lake Indian Band**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

**8. Investment in Band business entities** *(Continued from previous page)*

	<i>Duz Cho Group of Companies Ltd. As at October 31, 2019 (Unaudited)</i>	<i>Duz Cho Logging Ltd. As at October 31, 2019 (Unaudited)</i>	<i>Duz Cho Construction Ltd. As at October 31, 2019 (Unaudited)</i>	<i>Duz Cho Group of Companies Limited Partnership As at October 31, 2019 (Unaudited)</i>
<b>Assets</b>				
Cash	-	-	-	32,700
Accounts receivable	-	-	-	15,348
Inventory	-	-	-	-
Investments	414	3,414,809	2,140	28,011,759
Advances to related parties	1	-	-	1,234
Property, plant and equipment	-	-	-	1,204
Prepaid expenses	-	-	-	15,888
Intangible assets	-	-	-	-
<b>Total assets</b>	<b>415</b>	<b>3,414,809</b>	<b>2,140</b>	<b>28,078,133</b>
<b>Liabilities</b>				
Bank indebtedness	-	-	-	-
Accounts payable and accruals	5,400	1,000	1,000	41,370
Advances from related parties	-	3,416,212	4,145	15,000
Long-term debt	-	-	-	-
Capital leases	-	-	-	-
Other long-term liabilities	-	-	-	-
<b>Total liabilities</b>	<b>5,400</b>	<b>3,417,212</b>	<b>5,145</b>	<b>56,370</b>
<b>Partners' Capital</b>	<b>(4,985)</b>	<b>(2,403)</b>	<b>(3,005)</b>	<b>28,021,763</b>
<b>Total revenue (loss)</b>	<b>230</b>	<b>(195)</b>	<b>426</b>	<b>2,809,332</b>
<b>Total expenses</b>	<b>-</b>	<b>1,000</b>	<b>1,000</b>	<b>512,879</b>
<b>Comprehensive income (loss)</b>	<b>230</b>	<b>(1,195)</b>	<b>(574)</b>	<b>2,296,453</b>

**McLeod Lake Indian Band**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

**9. Funds held in trust**

Capital and revenue trust monies are transferred to the Band on the authorization of the Minister of Indigenous Services Canada, with the consent of the Band's Council.

	<b>2020</b>	<b>2019</b>
<b>Capital Trust</b>		
Balance, beginning and end of year	<b>47,492</b>	47,492
<b>Revenue Trust</b>		
Balance, beginning of year	<b>529</b>	544
Interest	<b>400</b>	554
Transferred out to cash	<b>(929)</b>	(1,098)
Balance, end of year	-	-
	<b>47,492</b>	47,492

Ottawa Trust Funds

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

**10. Accounts payable and accruals**

	<b>2020</b>	<b>2019</b>
Accounts payable general	<b>557,068</b>	1,771,856
Accrued liabilities	<b>554,855</b>	804,787
Wages payable	<b>221,990</b>	231,321
Government remittances	<b>220,273</b>	541,193
Housing	<b>12,110</b>	23,435
Other	<b>70,172</b>	35,429
	<b>1,636,468</b>	3,408,021

**11. Deferred revenue**

	<b>2020</b>	<b>2019</b>
Deferred revenue from non-government organizations	-	306,998
Deferred revenue from government organizations	-	10,000
Prepaid sales	<b>4,803</b>	173,707
	<b>4,803</b>	490,705

**McLeod Lake Indian Band**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

**12. Debt**

	<b>2020</b>	<b>2019</b>
BMO - demand loan repayable in monthly instalments of \$38,284 including interest at prime plus 4.6% per annum, maturing October 2038, secured by all properties of Duz Cho Forest Products Limited Partnership with a net realizable value of \$5,673,982	<b>5,813,121</b>	6,000,000
RBC - term loan repayable in monthly instalments of \$14,500 including interest at prime plus 5.6% per annum, maturing March 2025, secured by all properties of Duz Cho Forest Products Limited Partnership with a net realizable value of \$5,673,982	<b>805,305</b>	930,514
All Nations Trust Company - repayable in monthly installments of \$1,754 including interest at 1.3% per annum, maturing on April, 2027, secured by buildings with a net book value of \$321,699 (2019 - \$339,572).	<b>144,982</b>	161,458
All Nations Trust Company - repayable in monthly installments of \$2,445 including interest at 2.5% per annum, maturing on May, 2023, secured by buildings with a net book value of \$184,875 (2019 - \$195,146)	<b>86,685</b>	116,031
Ford Credit - loan payable in monthly instalments of \$859, including interest at 3.99% per annum, maturing November 2022, secured by a specific piece of equipment with a net realizable of \$29,000	<b>29,881</b>	38,775
	<b>6,879,974</b>	7,246,778

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

2021	384,407
2022	402,544
2023	421,587
2024	404,723
2025	421,376
	2,034,637
Thereafter	4,845,337
Total	6,879,974

The prime rate for both RBC and BMO is \$2.45 % (2019 - 3.95%).

**McLeod Lake Indian Band**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

**13. Advances from related Band entities**

Advances from related Band entities are unsecured, non-interest bearing and due on demand. These entities are related by virtue of common control or joint control by the Band.

	2020	2019
McLeod Lake Indian Band Treaty 8 Trust	11,668,006	63,489,864
McLeod Lake Indian Band Land and Minerals Trust	121,235	67,851
McLeod Lake Indian Band Silviculture Trust	1,167,837	6,305,942
Duz Cho Construction Limited Partnership	5,265,880	3,817,202
Duz Cho Logging Limited Partnership	4,826,713	4,407,430
Duz Cho Group of Companies Limited Partnership	23,474	-
	<b>23,073,145</b>	<b>78,088,289</b>

The Band has entered into an agreement with the McLeod Lake Indian Band Silviculture Trust to perform reforestation activities on behalf of the Band. 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.

**14. Capital lease obligation**

	2020	2019
Cat Financial - lease repayable in equal monthly instalments of \$6,323 including interest at 6.22%, due January 2023, secured by mobile equipment with a net realizable value of \$120,000	232,802	-

Minimum lease payments related to the obligation under capital lease are as follows:

2021	68,639
2022	73,031
2023	77,708
2024	13,424
<b>Balance of obligation</b>	<b>232,802</b>

**15. Contingent liabilities**

- (a) As at March 31, 2020 there are existing outstanding claims against the Band. These claims have been referred to legal counsel. It is not possible to determine the Band's potential liability, if any, with respect to these matters.
- (b) The financial results of the CMHC Social Housing program are subject to review by CMHC. It is possible that adjustments could be made based on the results of their review.
- (c) The Band is subject to funding recoveries according to their agreements with federal government agencies. It has not yet been determined to what extent any funding amounts related to the year ended March 31, 2020 might be recovered.

**16. Subsequent event**

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Band as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**McLeod Lake Indian Band**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

---

**17. Accumulated surplus**

Accumulated surplus consists of the following:

	<b>2020</b>	<b>2019</b>
Equity in Ottawa Trust funds	<b>47,492</b>	47,492
Equity in tangible capital assets	<b>13,546,325</b>	19,849,025
Investment in Band business entities (enterprise fund)	<b>36,312,316</b>	33,270,773
Replacement and operating reserve (social housing fund)	<b>301,037</b>	268,797
Surplus (deficit) in operating fund	<b>(458,943)</b>	4,623,675
	<b>49,748,227</b>	58,059,762

---

**18. Indigenous Services Canada ("ISC") funding reconciliation**

	<b>2020</b>	<b>2019</b>
<b>Direct Band Funding</b>		
Revenue per confirmation	<b>2,360,765</b>	2,315,630

---

**19. Trusts under administration**

*Treaty 8 Trust*

The 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. Under the terms of the agreement, net logging profits earned by the Band must be reverted to the Trust. The total fund balance at December 31, 2019 is \$128,481,639 (2018 - \$64,331,893).

*Land and Minerals Trust*

The Band is the beneficiary of the McLeod Lake Indian Band Lands and Minerals Trust which was established in May 2011. The purpose of the Trust is to receive royalty and contract payments for the use of mineral and timber resources by third parties on the Band's traditional territories. The Trust property is to be used for the benefit of the Band and the persons who are members of the Band during the term of the Trust. The total fund balance at December 31, 2019 is \$8,215,940 (2018 - \$7,240,525).

*Provincials Revenue Trust*

The Band is the beneficiary of the McLeod Lake Indian Band Provincial Revenues Trust which was established in May 2011. The purpose of the Trust is to receive revenues from the Province of British Columbia associated with mineral taxes by the Province from the Mount Milligan mine contract with the Band. The Trust property is to be used for the benefit of the Band and the persons who are members of the Band during the term of the Trust. The total fund balance at December 31, 2019 is \$4,033,177 (2018 - \$4,721,227).

*Education Trust*

The Band is the beneficiary of the McLeod Lake Indian Band (2017) Education Trust which was established in April 2017. The purpose of the Trust is to administer these funds for the long-term benefit of the membership of the Band. The total fund balance at December 31, 2019 is \$6,266,263 (2018 - \$6,157,435).

*Silviculture Trust*

The Band is the beneficiary of the McLeod Lake Silviculture Trust which was established in October 1, 2003. The purpose of the Trust is to administer the funds for the long-term benefit of the membership of the Band in accordance with the terms and conditions of the Trust Agreement. The terms and conditions of the Trust Agreement include that McLeod Lake Indian Band to provide or cause to be provided the Trustee on behalf of the Trust with funds to cover silviculture costs of Band lands and the Trustee agrees to use the Trust property to fund the silviculture expenses. The total fund balance at December 31, 2019 is \$8,433,024 (2018 - 7,753,698).



**20. Financial Instruments**

The Band as part of its operations carries a number of financial instruments. It is management's opinion that the Band is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

***Credit Risk***

Credit risk is the risk assumed by the creditor that the borrower will fail to fully honour its financial obligations. Financial instruments that potentially subject the Band to concentrations of credit risk consists principally of cash, accounts receivable and advances to related parties. The maximum credit risk exposure is \$1,590,192 (2019 - \$2,553,664). Management believes that the credit risk is low in regards to cash as balances are held with a chartered financial institution and low for accounts receivable and advances to related parties as management provides allowances for potentially uncollectible amounts.

***Risk management***

The Band does not have formal risk management policies in place.

***Liquidity Risk***

Liquidity risk is the risk that the Band will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Band enter into transactions to purchase goods and services on credit for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Band's future net cash flows for the possibility of negative net cash flow.

The Band and its entities manage liquidity risk by maintaining liquid assets.

The current liabilities of the Band and its entities are expected to be settled and mature within one year of the year-end date.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Band exposed to interest rate risk primarily due to the long-term debt as it is subject to floating rates.

The prime rate for both RBC and BMO at March 31, 2020 was 2.45% (2019 - 3.95%).

**21. Segments**

During the year, the Band had 10 reportable segments. These segments are differentiated by factors such as major activities, services lines, accountability, and control relationships. For management and reporting purposes, the revenues, expenses, surpluses or deficits are organized by the following segments:

**Administration:**

This segment reflects funding and expenditures related to Band governance activities.

**Business Enterprises:**

This segment includes activities related to the growth of revenue producing projects with the Band.

**Capital Projects:**

This segment includes services relating to housing renovations and repairs.

**Community Health:**

This segment includes activities related to the provision of health services within the Band.

**Education:**

This segment includes revenues and expenditures relating to the elementary, secondary and post-secondary education of the members of the Band.

**Infrastructure:**

This segment relates to the operation and maintenance of the Band's community buildings and water facilities.

**Membership:**

This segment includes the revenues and expenses relating to youth, elders, employment training and distributions.

**Natural Resources:**

This segment relates to forestry, land management and consultation programs and services.

**Social Development:**

This segment includes the revenues and expenses relating to the social assistance of the members of the Band.

**Social Housing:**

This segment includes the revenues and expenses relating to the social housing of the members of the Band.

**22. Pension plan**

The Band has a defined contribution pension plan for certain employees. The employees contribute a minimum of 5% of their earnings which the Band matches. The pension expense is \$90,802 (2019 - \$74,163).

**23. Budget information**

The disclosed budget information has been approved by the Chief and Council of the McLeod Lake Indian Band. The original budget was approved at the Chief and Council meeting held on March 15, 2019.

Budgets were not prepared for all segments and all departments in 2020. As such, the budget figures in the Consolidated Statement of Operations are not presented for the same scope of activities as the actual results.

**24. Comparative figures**

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

**McLeod Lake Indian Band**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
For the year ended March 31, 2020

	<b>Buildings (includes Social Housing) and Paving</b>	<b>Water Systems &amp; Fire Protection</b>	<b>Automotive and Mobile Equipment</b>	<b>Office &amp; Computer Equipment</b>	<b>Manufacturing Equipment &amp; Small Tools</b>	<b>Manufacturing Equipment upgrade in progress</b>	<b>Subtotal</b>
<b>Cost</b>							
Balance, beginning of year	20,095,692	1,709,907	1,933,834	280,932	9,953,810	3,415,811	37,389,986
Acquisition of tangible capital assets	1,927,991	-	660,703	-	268,825	-	2,857,519
Disposal of tangible capital assets	(56,211)	-	(287,443)	-	-	-	(343,654)
Write down of tangible capital assets	(1,810,933)	-	-	-	-	-	(1,810,933)
Impairment	-	-	(464,123)	(27,548)	(7,452,635)	(3,415,811)	(11,360,117)
Balance, end of year	20,156,539	1,709,907	1,842,971	253,384	2,770,000	-	26,732,801
<b>Accumulated amortization</b>							
Balance, beginning of year	6,936,534	509,515	951,861	185,045	3,348,172	-	11,931,127
Annual amortization	640,587	148,788	300,748	31,048	485,768	-	1,606,939
Accumulated amortization on disposals	(24,900)	-	(144,109)	-	-	-	(169,009)
Write down of tangible capital assets	(1,810,933)	-	-	-	-	-	(1,810,933)
Impairment	-	-	(342,872)	(27,548)	(3,833,940)	-	(4,204,360)
Balance, end of year	5,741,288	658,303	765,628	188,545	-	-	7,353,764
<b>Net book value of tangible capital assets</b>	<b>14,415,251</b>	<b>1,051,604</b>	<b>1,077,343</b>	<b>64,839</b>	<b>2,770,000</b>	<b>-</b>	<b>19,379,037</b>
Net book value of tangible capital assets	13,159,158	1,200,392	981,973	95,887	6,605,638	3,415,811	25,458,859

2019

**McLeod Lake Indian Band**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2020*

**Subtotal**                      **Land**                      **2020**                      **2019**

**Cost**

Balance, beginning of year	37,389,986	1,636,951	39,026,937	32,891,080
Acquisition of tangible capital assets	2,857,519	103,145	2,960,664	6,137,230
Disposal of tangible capital assets	(343,654)	(38,700)	(382,354)	(1,373)
Write down of tangible capital assets	(1,810,933)	-	(1,810,933)	-
Impairment	(11,360,117)	(421,332)	(11,781,449)	-

Balance, end of year

	26,732,801	1,280,064	28,012,865	39,026,937
--	------------	-----------	------------	------------

**Accumulated amortization**

Balance, beginning of year	11,931,127	-	11,931,127	9,989,051
Annual amortization	1,606,939	-	1,606,939	1,942,353
Accumulated amortization on disposals	(169,009)	-	(169,009)	(277)
Write down of tangible capital assets	(1,810,933)	-	(1,810,933)	-
Impairment	(4,204,360)	-	(4,204,360)	-

Balance, end of year

	7,353,764	-	7,353,764	11,931,127
--	-----------	---	-----------	------------

**Net book value of tangible capital assets**

	19,379,037	1,280,064	20,659,101	27,095,810
--	------------	-----------	------------	------------

2019

Net book value of tangible capital assets

	25,458,859	1,636,951	27,095,810	
--	------------	-----------	------------	--

**McLeod Lake Indian Band**  
**Schedule 2 - Consolidated Schedule of Expenses by Object**  
*For the year ended March 31, 2020*

	<i>2020 Budget (Note 23)</i>	<i>2020</i>	<i>2019</i>
<b>Consolidated expenses by object</b>			
Distributions to members	6,000,000	5,636,030	5,262,658
Salaries and benefits	2,955,797	4,116,839	4,718,677
Purchases of goods for resale	-	2,936,033	4,167,470
Logging and silviculture	-	1,936,242	6,160,370
Contracted services	1,383,548	1,781,354	1,450,725
Professional fees	1,075,000	1,328,220	1,415,195
Repairs and maintenance	52,000	1,153,510	1,568,882
Materials and supplies	186,600	951,929	604,620
Honourarium	511,600	552,130	508,669
Education	432,825	545,621	439,207
Interest on debt	-	393,359	227,931
Insurance and taxes	67,500	387,368	527,748
Social assistance	415,000	360,264	265,410
Consulting	20,000	349,399	257,822
Conferences and gathering	265,966	331,100	254,527
Travel	233,874	280,990	277,152
Living allowances	168,000	276,575	228,692
Vehicle	87,500	269,848	253,229
Utilities	-	243,992	292,679
Telephone	134,000	169,294	179,084
Office supplies	45,200	144,765	142,674
Accommodation	76,700	140,225	122,773
Meeting expenses	55,500	138,116	115,789
Meals	57,700	122,457	98,375
Funding recovery	-	117,687	11,390
Rent	105,500	110,214	96,862
Training	101,050	72,721	42,730
Technical support	43,700	70,042	57,955
Youth activities	40,645	55,924	87,318
Workshops	31,750	55,688	43,342
Funeral	48,000	47,414	25,787
Advertising	27,350	47,064	30,169
Bank charges and interest	15,100	30,407	32,530
Dues and subscriptions	16,400	15,260	22,784
Emergency funding	20,000	14,033	16,878
Other expenses	2,700	13,272	25,018
Administration fees	-	7,941	3,857
Distribution to government business enterprise	-	-	769,721
Treaty 8 per capita distribution	-	-	150,000
Bad debt recovery	-	(156,374)	(349,209)
Impairment	-	7,577,089	-
Amortization	-	1,606,939	1,942,353
	<b>14,676,505</b>	<b>34,230,981</b>	<b>32,549,843</b>

**McLeod Lake Indian Band**  
**Administration**  
**Schedule 3 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<i>2020 Budget (Note 23)</i>	<i>2020</i>	<i>2019</i>
<b>Revenue</b>			
Trust revenue	-	1,885,000	1,590,000
Contract revenue	-	1,092,930	668,051
Province of British Columbia	-	855,244	-
Interest income	-	603,342	458,320
Indigenous Services Canada	308,455	308,454	304,861
Oil and Gas Commission	350,000	195,611	301,778
Other revenue	-	99,351	-
Expense reimbursement	-	13,857	65,871
Donations	-	7,794	11,150
Loss on sale of tangible capital assets	-	(6,361)	-
	<b>658,455</b>	<b>5,055,222</b>	<b>3,400,031</b>
<b>Expenses</b>			
Salaries and benefits	725,605	761,079	583,784
Professional fees	705,000	622,540	124,710
Honourarium	486,000	488,717	469,692
Contracted services	411,500	250,685	305,788
Travel	127,500	122,987	123,471
Meeting expenses	46,500	107,166	65,820
Office supplies	24,250	62,225	45,777
Accommodation	47,200	53,894	45,955
Technical support	38,700	50,073	42,948
Social assistance	-	41,877	41,930
Meals	32,700	32,629	38,469
Consulting	20,000	31,835	22,585
Advertising	22,000	28,914	7,460
Telephone	30,000	27,044	45,820
Insurance and taxes	21,500	27,007	23,502
Vehicle	18,500	25,617	26,636
Workshops	9,000	24,864	5,145
Rent	17,800	19,091	18,646
Bank charges and interest	15,100	18,942	20,991
Materials and supplies	22,100	15,660	17,518
Repairs and maintenance	6,500	12,108	4,471
Dues and subscriptions	12,000	11,252	14,516
Training	2,500	5,505	5,135
Administration fees	-	4,687	-
Other expenses	1,500	314	7,670
Distribution to government business enterprise	-	-	769,721
Education	-	-	530
Conferences and gathering	-	-	350
Bad debt (recovery)	-	-	(72,420)
	<b>2,843,455</b>	<b>2,846,712</b>	<b>2,806,620</b>
<b>Annual surplus</b>	<b>(2,185,000)</b>	<b>2,208,510</b>	<b>593,411</b>

**McLeod Lake Indian Band**  
**Business Enterprises**  
**Schedule 4 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<i>2020 Budget (Note 23)</i>	<i>2020</i>	<i>2019</i>
<b>Revenue</b>			
Forest products	-	3,949,965	6,008,714
Earnings from investment in band business entities	-	3,416,543	2,551,435
Sale of goods and services	-	1,213,727	1,176,190
Other revenue	-	320,124	306,876
Rental revenue	-	278,894	246,390
Indigenous Services Canada	35,460	115,364	39,986
Trust revenue	-	100,000	60,000
Royalty income	-	72,352	183,250
Contract revenue	45,000	22,089	8,700
Expense reimbursement	-	1,488	5,892
Province of British Columbia	-	573	-
Gain (loss) on sale of tangible capital assets	-	20,350	(1,096)
Exchange gain (loss)	-	(326,858)	12,127
	<b>80,460</b>	<b>9,184,611</b>	<b>10,598,464</b>
<b>Expenses</b>			
Purchases of goods for resale	-	2,936,033	4,167,470
Salaries and benefits	58,860	1,178,928	2,352,441
Repairs and maintenance	-	1,082,790	1,504,806
Logging and silviculture	-	768,405	559,645
Interest on debt	-	388,863	222,731
Insurance and taxes	500	281,735	434,220
Utilities	-	243,992	292,679
Professional fees	2,000	203,678	218,781
Materials and supplies	-	192,036	436,757
Vehicle	-	131,019	124,398
Consulting	-	37,441	29,577
Contracted services	60,000	35,590	91,173
Office supplies	500	29,177	48,216
Telephone	3,200	26,182	16,167
Honourarium	-	13,998	5,816
Advertising	-	13,789	8,683
Training	51,000	13,690	7,978
Bank charges and interest	-	11,123	11,152
Other expenses	-	11,118	13,948
Travel	1,500	10,836	22,661
Meals	500	10,266	1,853
Rent	1,000	7,903	1,274
Technical support	400	6,855	8,641
Accommodation	1,000	6,117	3,121
Meeting expenses	-	2,040	6,514
Bad debt	-	252	1,606
Impairment	-	7,577,089	-
Amortization	-	946,250	1,351,035
	<b>180,460</b>	<b>16,167,195</b>	<b>11,943,343</b>
<b>Annual deficit</b>	<b>(100,000)</b>	<b>(6,982,584)</b>	<b>(1,344,879)</b>

**McLeod Lake Indian Band**  
**Capital Projects**  
**Schedule 5 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<b>2020 Budget (Note 23)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Trust revenue	-	275,000	200,000
Indigenous Services Canada	86,880	86,881	122,913
Other revenue	-	13,163	20,224
Expense reimbursement	-	500	2,030
	<b>86,880</b>	<b>375,544</b>	<b>345,167</b>
<b>Expenses</b>			
Salaries and benefits	138,080	158,823	135,224
Materials and supplies	20,000	30,658	25,141
Social assistance	150,000	23,763	50,544
Vehicle	7,000	11,688	9,788
Telephone	4,000	9,198	9,062
Contracted services	31,000	7,501	24,927
Repairs and maintenance	500	3,139	376
Office supplies	500	1,913	1,136
Rent	1,200	1,244	900
Professional fees	-	911	19
Honourarium	3,600	803	2,492
Travel	1,000	635	1,192
Meeting expenses	1,000	437	1,279
Insurance and taxes	-	280	243
Accommodation	1,000	233	1,686
Technical support	500	154	766
Meals	1,000	20	845
Advertising	-	18	-
Bank charges and interest	-	2	-
Workshops	750	-	1,592
Training	750	-	675
Consulting	-	-	550
	<b>361,880</b>	<b>251,420</b>	<b>268,437</b>
<b>Annual surplus</b>	<b>(275,000)</b>	<b>124,124</b>	<b>76,730</b>



**McLeod Lake Indian Band**  
**Community Health**  
**Schedule 6 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<i>2020 Budget (Note 23)</i>	<i>2020</i>	<i>2019</i>
<b>Revenue</b>			
First Nations Health Authority	645,915	788,365	779,983
Contract revenue	-	110,000	116,500
Expense reimbursement	-	3,740	8,366
	<b>645,915</b>	<b>902,105</b>	<b>904,849</b>
<b>Expenses</b>			
Salaries and benefits	305,830	311,326	159,961
Contracted services	81,800	59,759	68,568
Youth activities	40,645	55,924	87,318
Travel	65,874	47,432	42,233
Vehicle	20,000	21,203	27,119
Workshops	12,000	20,315	16,975
Repairs and maintenance	10,000	17,485	12,147
Conferences and gathering	10,966	15,000	66,408
Emergency funding	20,000	13,703	16,658
Telephone	19,000	13,058	7,633
Training	-	10,442	1,839
Rent	15,300	10,335	15,593
Materials and supplies	10,000	10,074	25,408
Office supplies	2,500	9,404	4,874
Meals	1,500	7,971	2,965
Accommodation	2,500	6,857	5,118
Technical support	1,200	1,220	379
Insurance and taxes	2,500	1,196	930
Meeting expenses	-	994	654
Advertising	3,000	916	458
Bank charges and interest	-	29	-
Honourarium	-	-	50
Dues and subscriptions	100	-	113
Other expenses (recoveries)	1,200	(150)	3,400
	<b>625,915</b>	<b>634,493</b>	<b>566,801</b>
<b>Annual surplus</b>	<b>20,000</b>	<b>267,612</b>	<b>338,048</b>

**McLeod Lake Indian Band**  
**Education**  
**Schedule 7 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<i>2020 Budget (Note 23)</i>	<i>2020</i>	<i>2019</i>
<b>Revenue</b>			
Indigenous Services Canada	491,825	522,116	511,403
Contract revenue	50,000	181,284	86,179
Oil and Gas Commission	250,000	139,722	215,556
Prince George Nechako Aboriginal Employment & Training Association	75,000	111,789	139,908
Trust revenue	-	110,000	230,000
Donations	10,000	16,952	6,749
Expense reimbursement	-	4,299	1,580
First Nations Education Steering Committee	-	3,530	3,889
Other revenue	-	938	314
Province of British Columbia	-	250	-
	<b>876,825</b>	<b>1,090,880</b>	<b>1,195,578</b>
<b>Expenses</b>			
Education	432,825	545,466	413,437
Living allowances	168,000	276,575	228,692
Salaries and benefits	212,400	236,603	197,688
Conferences and gathering	75,000	95,844	64,807
Materials and supplies	17,200	41,099	22,448
Honourarium	-	28,558	14,407
Meals	10,000	24,752	14,175
Training	13,500	18,265	10,583
Contracted services	11,300	17,846	36,312
Travel	7,000	17,478	12,902
Accommodation	4,500	15,175	13,392
Office supplies	5,500	7,787	7,412
Telephone	6,700	6,925	8,272
Vehicle	7,000	6,340	12,233
Workshops	2,000	5,942	586
Insurance and taxes	7,000	2,959	3,201
Rent	1,800	2,142	2,181
Advertising	-	1,316	-
Technical support	400	1,124	628
Meeting expenses	4,000	600	19,568
Emergency funding	-	330	220
Professional fees	-	274	-
Dues and subscriptions	700	238	701
Repairs and maintenance	-	189	4,082
Bank charges and interest	-	58	50
	<b>986,825</b>	<b>1,353,885</b>	<b>1,087,977</b>
<b>Annual surplus (deficit)</b>	<b>(110,000)</b>	<b>(263,005)</b>	<b>107,601</b>

**McLeod Lake Indian Band**  
**Infrastructure**  
**Schedule 8 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<b>2020 Budget (Note 23)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Trust revenue	-	245,000	1,000,000
Indigenous Services Canada	212,915	212,914	210,366
Contract revenue	62,000	76,524	55,500
Other revenue	-	4,895	-
	<b>274,915</b>	<b>539,333</b>	<b>1,265,866</b>
<b>Expenses</b>			
Salaries and benefits	328,895	287,139	300,331
Materials and supplies	48,000	55,962	45,748
Telephone	50,000	54,355	44,976
Contracted services	44,000	44,937	16,211
Funding recovery	-	117,687	11,390
Insurance and taxes	11,000	23,261	13,219
Repairs and maintenance	8,000	19,454	5,764
Vehicle	9,000	15,827	13,744
Travel	2,500	3,013	2,817
Accommodation	-	1,780	1,086
Office supplies	400	1,684	892
Rent	1,000	1,244	900
Meals	-	1,161	366
Training	1,500	609	3,519
Meeting expenses	-	552	-
Honourarium	-	403	856
Professional fees	-	269	85
Technical support	300	89	135
Bank charges and interest	-	50	57
Amortization	-	631,051	545,858
	<b>504,595</b>	<b>1,260,527</b>	<b>1,007,954</b>
<b>Annual surplus (deficit)</b>	<b>(229,680)</b>	<b>(721,194)</b>	<b>257,912</b>

**McLeod Lake Indian Band**  
**Membership**  
**Schedule 9 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<i>2020 Budget (Note 23)</i>	<i>2020</i>	<i>2019</i>
<b>Revenue</b>			
Trust revenue	-	268,000	-
AGA Donations	80,000	104,064	87,229
Other revenue	-	13,040	-
Indigenous Services Canada	4,415	4,416	45,777
Expense reimbursement	-	3,077	2,752
Contract revenue	-	30	120
	<b>84,415</b>	<b>392,627</b>	<b>135,878</b>
<b>Expenses</b>			
Distributions to members	6,000,000	5,636,030	5,262,658
Conferences and gathering	100,000	199,424	122,962
Social assistance	200,000	190,000	92,750
Funeral	48,000	47,414	25,787
Salaries and benefits	34,115	41,985	33,884
Meeting expenses	-	10,662	144
Contracted services	300	8,888	3,441
Meals	-	6,232	10,393
Telephone	1,600	1,431	2,001
Travel	-	399	2,485
Office supplies	-	334	128
Rent	400	315	248
Materials and supplies	-	211	81
Technical support	-	140	-
Workshops	-	-	11,810
Professional fees	15,000	-	1,190
Honourarium	-	-	755
Accommodation	-	-	528
Dues and subscriptions	-	-	125
	<b>6,399,415</b>	<b>6,143,465</b>	<b>5,571,370</b>
<b>Annual deficit</b>	<b>(6,315,000)</b>	<b>(5,750,838)</b>	<b>(5,435,492)</b>

**McLeod Lake Indian Band**  
**Natural Resources**  
**Schedule 10 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<i>2020 Budget (Note 23)</i>	<i>2020</i>	<i>2019</i>
<b>Revenue</b>			
Sale of logs from settlement lands	-	16,644,789	82,444,069
Contract revenue	900,000	1,289,895	1,254,701
Province of British Columbia	-	362,447	364,487
Indigenous Services Canada	274,980	274,981	272,259
Oil and Gas Commission	300,000	167,667	258,667
Interest income	-	92,712	-
Prince George Nechako Aboriginal Employment & Training Association	91,000	83,906	-
Expense reimbursement	-	(1,841)	17,818
Other revenue	35,000	-	150
Donations	-	-	5,000
	<b>1,600,980</b>	<b>18,914,556</b>	<b>84,617,151</b>
<b>Expenses</b>			
Logging and silviculture	-	1,167,837	5,600,725
Contracted services	606,000	1,181,160	817,119
Salaries and benefits	754,130	831,015	666,264
Materials and supplies	12,000	546,437	20,515
Professional fees	353,000	500,549	1,070,410
Consulting	-	264,624	195,111
Rent	63,000	66,992	55,391
Travel	15,000	55,673	53,778
Vehicle	24,000	52,869	37,357
Accommodation	18,500	50,283	49,486
Meals	10,500	34,297	28,419
Office supplies	9,600	28,827	24,625
Telephone	14,000	21,271	24,605
Honourarium	22,000	19,543	14,600
Repairs and maintenance	26,500	18,345	19,819
Insurance and taxes	22,000	17,343	22,084
Training	29,800	16,414	10,971
Meeting expenses	4,000	15,666	21,810
Technical support	2,000	9,802	3,994
Workshops	-	4,289	419
Dues and subscriptions	3,600	3,738	6,963
Advertising	1,350	2,112	12,860
Other expenses	-	1,990	-
Conferences and gathering	-	1,235	-
Education	-	155	240
Bank charges and interest	-	50	78
Treaty 8 per capita distribution	-	-	150,000
	<b>1,990,980</b>	<b>4,912,516</b>	<b>8,907,643</b>
<b>Surplus before transfer</b>	<b>(390,000)</b>	<b>14,002,040</b>	<b>75,709,508</b>
<b>Transfer to trust</b>	<b>-</b>	<b>(11,765,708)</b>	<b>(63,492,310)</b>
<b>Annual surplus</b>	<b>(390,000)</b>	<b>2,236,332</b>	<b>12,217,198</b>

**McLeod Lake Indian Band**  
**Social Development**  
**Schedule 11 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<i>2020 Budget (Note 23)</i>	<i>2020</i>	<i>2019</i>
<b>Revenue</b>			
Indigenous Services Canada	814,580	835,639	808,065
Ministry of Children and Family Development	80,400	158,816	112,383
Province of British Columbia	20,000	33,593	18,194
Daycare revenue	8,000	12,133	18,292
Contract revenue	-	10,640	633
Prince George Nechako Aboriginal Employment & Training Association	-	8,190	-
Expense reimbursement	-	3,215	4,931
Trust revenue	-	-	40,000
	<b>922,980</b>	<b>1,062,226</b>	<b>1,002,498</b>
<b>Expenses</b>			
Salaries and benefits	397,882	309,943	289,100
Contracted services	137,648	174,987	87,186
Social assistance	65,000	104,624	80,185
Materials and supplies	57,300	59,792	10,646
Travel	13,500	22,538	15,613
Conferences and gathering	80,000	19,596	-
Telephone	5,500	9,830	20,547
Training	2,000	7,797	2,030
Accommodation	2,000	5,886	2,400
Vehicle	2,000	5,285	1,955
Meals	1,500	5,130	890
Office supplies	1,950	3,414	9,614
Insurance and taxes	3,000	2,522	2,185
Rent	4,000	946	1,729
Technical support	200	584	465
Workshops	8,000	277	6,815
Honourarium	-	108	-
Bank charges and interest	-	73	74
Dues and subscriptions	-	28	366
Return to spirit	-	-	25,000
Advertising	1,000	-	710
Repairs and maintenance	500	-	-
	<b>782,980</b>	<b>733,360</b>	<b>557,510</b>
<b>Annual surplus</b>	<b>140,000</b>	<b>328,866</b>	<b>444,988</b>

**McLeod Lake Indian Band**  
**Social Housing**  
**Schedule 12 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2020*

	<b>2020 Budget (Note 23)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Housing rental revenue	-	<b>136,456</b>	173,827
Canada Mortgage and Housing Corporation	-	<b>31,595</b>	34,038
	-	<b>168,051</b>	207,865
<b>Expenses</b>			
Insurance and taxes	-	<b>31,065</b>	28,164
Consulting	-	<b>15,500</b>	10,000
Interest on debt	-	<b>4,496</b>	5,201
Administration fees	-	<b>3,254</b>	3,857
Bank charges and interest	-	<b>80</b>	126
Repairs and maintenance	-	-	17,417
Materials and supplies	-	-	358
Bad debt recovery	-	<b>(156,626)</b>	(278,395)
Amortization	-	<b>29,639</b>	45,460
	-	<b>(72,592)</b>	(167,812)
<b>Annual surplus</b>	-	<b>240,643</b>	375,677