

YEKOOOCHE FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2014



YEKOOCHÉ FIRST NATION
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Year Ended March 31, 2014

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Yekooche First Nation are the responsibility of management and have been approved by the Chief and Council.

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

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

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

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

The external auditors, Tiani Adams & Company Inc, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Yekooche First Nation and meet when required.

On behalf of Yekooche First Nation:


Chief


Council


Council


Council

September 18, 2014



TIANI ADAMS & COMPANY INC.

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Yekooche First Nation

We have audited the accompanying consolidated financial statements of Yekooche First Nation, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of revenues and expenditure and deficit, changes in net 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.

(continues)

Independent Auditor's Report to the Councillors of Yekooche First Nation (continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Yekooche First Nation as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Prince George, British Columbia
September 18, 2014

Tian, Adams & Company Inc.
CHARTERED ACCOUNTANTS

YEKOOCHÉ FIRST NATION
Consolidated Statement of Financial Position
March 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash	\$ 2,102,102	\$ 1,709,651
Accounts receivable (Note 2)	249,442	206,532
Investments and advances (Note 3)	72,079	44,621
Trust Assets (Note 4)	14,758	13,827
	<u>2,438,381</u>	<u>1,974,631</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	371,946	189,819
Deferred revenue (Note 6)	85,269	85,269
Term demand loans (Note 7)	1,646,794	1,740,500
Debt (Note 8)	6,689,332	6,689,332
	<u>8,793,341</u>	<u>8,704,920</u>
NET DEBT	<u>(6,354,960)</u>	<u>(6,730,289)</u>
NON FINANCIAL ASSETS		
Tangible capital assets (Note 9)	11,026,137	12,050,060
Prepaid expenditures	42,302	6,727
	<u>11,068,439</u>	<u>12,056,787</u>
ACCUMULATED SURPLUS	<u>\$ 4,713,479</u>	<u>\$ 5,326,498</u>

ON BEHALF OF THE CHIEF AND COUNCIL

Allen Joseph Chief

Michael Joseph Councilor

Joseph Councilor

Maya Joseph Councilor

See notes to financial statements



YEKOOCHÉ FIRST NATION
Consolidated Statement of Revenues and Expenditure and Deficit
Year Ended March 31, 2014

	2014	2013
REVENUE		
Aboriginal Affairs and Northern Development Canada	\$ 1,392,630	\$ 1,413,074
Health Canada	62,510	69,042
Other Federal Funding	200,000	7,000
Province of British Columbia	177,072	142,657
First Nations Education Steering Committee	102,077	93,432
Prince George Nechako Aboriginal Employment and Training Association	38,612	38,469
Carrier Sekani Family Services	296,720	175,477
Rental revenue	188,222	162,060
Administration	136,681	41,024
Trust income	931	1,007
Other income	833,887	317,265
	<u>3,429,342</u>	<u>2,460,507</u>
EXPENDITURE		
Administration fee	149,902	93,534
Amortization	1,023,923	1,320,570
Business taxes, licenses and memberships	10,577	1,676
Consulting fees	25,000	27,295
Elders	1,440	-
Honoraria	35,975	24,734
Insurance	35,263	33,623
Interest and bank charges	4,107	4,617
Interest on long-term debt	56,992	66,191
Office	56,194	48,661
Other expenses	350,247	337,253
Professional fees	117,371	184,992
Rental	81,697	69,963
Repairs and maintenance	37,682	38,708
Sub-contracts	559,993	215,533
Supplies	33,446	54,760
Telephone	60,499	45,595
Training	10,238	57,236
Travel	177,923	109,306
Wages and benefits	1,163,830	1,317,011
Workshops and meetings	50,062	28,303
	<u>4,042,361</u>	<u>4,079,561</u>
DEFICIENCY OF REVENUE OVER EXPENDITURE FROM OPERATIONS	<u>(613,019)</u>	<u>(1,619,054)</u>

(continues)

See notes to financial statements



YEKOOOCHE FIRST NATION
Consolidated Statement of Revenues and Expenditure and Deficit (continued)
Year Ended March 31, 2014

	2014	2013
OTHER INCOME		
Capital expenditure	-	34,818
Recoveries	-	(11,951)
	-	22,867
EXCESS OF EXPENDITURE OVER REVENUE	(613,019)	(1,596,187)
SURPLUS, BEGINNING OF YEAR	5,312,671	6,909,865
TRUST SURPLUS	13,827	12,820
SURPLUS, END OF YEAR	\$ 4,713,479	\$ 5,326,498

See notes to financial statements



YEKOOCHÉ FIRST NATION
Consolidated Statement of Changes in Net Assets
Year Ended March 31, 2014

	Combined Fund (Note 11)	Trust Fund	2014	2013
NET ASSETS - BEGINNING OF YEAR	\$ 5,312,671	\$ 13,827	\$ 5,326,498	\$ 6,922,685
Excess of expenditure over revenue	(613,950)	931	(613,019)	(1,596,187)
NET ASSETS - END OF YEAR	\$ 4,698,721	\$ 14,758	\$ 4,713,479	\$ 5,326,498

See notes to financial statements



YEKOOCHÉ FIRST NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of expenditure over revenue	\$ (613,019)	\$ (1,596,187)
Items not affecting cash:		
Amortization of tangible capital assets	1,023,923	1,320,570
(Increase) decrease in investments	(27,458)	4,265
Trust funds	(931)	(1,007)
	<u>382,515</u>	<u>(272,359)</u>
Changes in non-cash working capital:		
Accounts receivable	(42,910)	40,722
Accounts payable and accrued liabilities	182,127	(81,527)
Prepaid expenses	(35,575)	4,034
Refundable deposits	-	2,500
	<u>103,642</u>	<u>(34,271)</u>
Cash flow from (used by) operating activities	<u>486,157</u>	<u>(306,630)</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	-	(50,597)
FINANCING ACTIVITY		
Repayment of term demand loans	(93,706)	(87,968)
INCREASE (DECREASE) IN CASH FLOW	<u>392,451</u>	<u>(445,195)</u>
Cash - beginning of year	<u>1,709,651</u>	<u>2,154,846</u>
CASH - END OF YEAR	<u>\$ 2,102,102</u>	<u>\$ 1,709,651</u>

See notes to financial statements



YEKOOCHÉ FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for government as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Reporting Entity

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

Basis of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances are eliminated upon consolidation.

Under the modified equity method of accounting, only Yekooche First Nation's investment in the government business enterprise and the enterprise's net income and other changes in the equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the Yekooche First Nation.

Entities consolidated in the Yekooche First Nation's financial statements include:

- Operations Fund
- Capital Fund
- Investment Fund
- Trust Fund
- Treaty Negotiations and Related Initiatives Fund

<u>Subsidiary</u>	<u>Ownership %</u>	<u>Year end</u>
0830425 B.C. Ltd. is owned by Yekooche First Nation and is included in the summary financial statements using the modified equity method.	100.00	March 31, 2014

Cash and cash equivalents

Cash includes cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

(continues)

YEKOOCHÉ FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Tangible capital assets

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

Tangible assets are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Automotive equipment	4 years
Community infrastructure	5 years
Health clinic	20 years
Housing	15 years
Roadways and bridges	20 years
School	20 years
Water and sewer	20 years
Capital acquisitions	5 years
Computer equipment	1 year
Furniture and equipment	4 years
Playground equipment	4 years

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

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

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

Term demand loans

Yekooche First Nation's demand loans are classified as current liabilities because the lender has the right to demand repayment within one year.

Funding recoveries and reimbursements

Funding received from federal government sources in the form of conditional transfer payments are subject to recovery by the Crown for unexpended balances or unallowable expenses. The Crown may also reimburse over expenditures upon determining adherence to the terms and conditions of payment for a specified purpose. Recoveries and reimbursements are accounted for when they are determined to be payable or receivable.

(*continues*)

YEKOOCHE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

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

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

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

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

Measurement uncertainty

In preparing the consolidated financial statements for Yekooche First Nation, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

2. ACCOUNTS RECEIVABLE

	2014	2013
Yekooche First Nation members	\$ 736	\$ 14,854
Federal government	58,968	102,755
Goods and services tax receivable	10,694	27,684
Other	179,104	74,321
Subtotal	249,502	219,614
Less: allowance for doubtful accounts	(60)	(13,082)
	<u>\$ 249,442</u>	<u>\$ 206,532</u>

YEKOOCHÉ FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

3. INVESTMENTS AND ADVANCES
Subsidiary 0830425 B.C. Ltd. 100% ownership

	2014	2013
Advances	\$ 70,993	\$ 43,807
Surplus (Deficit)	1,084	812
Shares	2	2
	<u>\$ 72,079</u>	<u>\$ 44,621</u>

Shares of the companies are held on behalf of Yekooche First Nation membership by specific First Nation members under a trust agreement.

Financial information for 0830425 B.C. Ltd. for the year ended March 31, 2014 was not available at date of financial statements.

4. TRUST ASSETS

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

	Capital	Revenue	2014 Total	2013 Total
Balance, beginning of year	\$ -	\$ 13,827	\$ 13,827	\$ 12,820
Interest	-	401	401	474
British Columbia special	-	530	530	533
Balance, end of year	<u>\$ -</u>	<u>\$ 14,758</u>	<u>\$ 14,758</u>	<u>\$ 13,827</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Trade payables	\$ 216,676	\$ 122,310
Accrued wages and benefits	64,006	51,436
Other accrued liabilities	1,550	1,000
Government remittances	9,384	15,073
Deferred revenue	80,330	-
	<u>\$ 371,946</u>	<u>\$ 189,819</u>

6. DEFERRED REVENUE

	2014	2013
Schedules		
Public Works Facility Fund	\$ 27,870	\$ 27,870
Yekooche First Nation Surplus Fund	57,399	57,399
	<u>\$ 85,269</u>	<u>\$ 85,269</u>

YEKOOCHÉ FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

7. TERM DEMAND LOANS

	<u>2014</u>	<u>2013</u>
Loan bearing interest at 3.61% per annum, repayable in monthly blended payments of \$2,530. The loan matures on April 1, 2015 and is secured by a Government of Canada ministerial guarantee. Loan is callable on demand.	\$ 370,175	\$ 386,772
Loan bearing interest at 3.77% per annum, repayable in monthly blended payments of \$4,164. The loan matures on April 1, 2016 and is secured by a Government of Canada ministerial guarantee. Loan is callable on demand.	484,505	515,466
Loan bearing interest at 3.31% per annum, repayable in monthly blended payments of \$1,083. The loan matures on September 1, 2016 and is secured by a Government of Canada ministerial guarantee. Loan is callable on demand.	141,298	149,439
Loan bearing interest at 3.31% per annum, repayable in monthly blended payments of \$890. The loan matures on September 1, 2016 and is secured by a Government of Canada ministerial guarantee. Loan is callable on demand.	116,154	122,846
Loan bearing interest at 3.31% per annum, repayable in monthly blended payments of \$479. The loan matures on September 1, 2016 and is secured by a Government of Canada ministerial guarantee. Loan is callable on demand.	62,575	66,180
Loan bearing interest at 2.7% per annum, repayable in monthly blended payments of \$3,412. The loan matures on January 1, 2018 and is secured by a Government of Canada ministerial guarantee. Loan is callable on demand.	472,087	499,797
	<u>1,646,794</u>	<u>1,740,500</u>
Principal due in one year	(97,207)	(94,033)
	<u>\$ 1,549,587</u>	<u>\$ 1,646,467</u>

Principal repayment terms are approximately:

2015	\$ 97,207
2016	100,502
2017	103,910
2018	107,436
2019	111,084
Thereafter	1,126,655
	<u>\$ 1,646,794</u>

YEKOOCHÉ FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

8. DEBT

Treaty Negotiation Loan

The Yekooche First Nation has signed loan agreements totaling \$6,689,332 as at March 31, 2014 (March 31, 2013 - \$6,689,332) representing advances made by Canada for negotiation.

The loan is due and payable by Yekooche First Nation to Canada, and the First Nation will pay the loan to Canada, on the earliest of the following dates:

- a) the date a treaty is signed by the negotiating parties takes effect unless otherwise agreed in the treaty;
- b) the later of:
 - i) the twelfth anniversary of the date of the first loan advance by Canada to the First Nation under the earliest First Nation Funding Agreement, which occurred on September 7, 1995; or
 - ii) if an extension to the date that the cumulative liabilities are due and payable has been agreed to, the extended due date, which is September 7, 2017;
- c) the later of:
 - i) the seventh anniversary after the signing of an Agreement in Principle, which occurred on August 22, 2005; or
 - ii) if an extension to the date that the cumulative liabilities are due and payable has been agreed to, the extended due date, which is September 7, 2017;
- d) the date the Federal Minister demands payment of the loan due to an event of default under this agreement or under any First Nation Funding Agreement.

	2014	2013
British Columbia Treaty Commission loan	\$ 6,689,332	\$ 6,689,332

9. TANGIBLE CAPITAL ASSETS

	2014		2013	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Automotive equipment	\$ 127,225	\$ 127,225	\$ 127,225	\$ 122,287
Buildings and infrastructure				
Community infrastructure	1,068,273	1,035,196	1,068,273	1,035,196
Health clinic	3,081,536	686,522	3,081,536	532,445
Housing	3,900,429	2,052,596	3,900,429	1,792,567
Roadways and bridges	1,676,111	723,729	1,676,111	639,924
School	4,969,490	2,973,458	4,969,490	2,724,984
Water and sewer	5,123,759	1,321,960	5,123,759	1,064,031
Capital acquisitions	377,221	377,221	377,221	366,861
Computer equipment	118,064	118,064	118,064	118,064
Furniture and equipment	163,270	163,270	163,270	161,466
Playground equipment	25,069	25,069	25,069	22,562
	\$ 20,630,447	\$ 9,604,310	\$ 20,630,447	\$ 8,580,387
Net book value	\$ 11,026,137		\$ 12,050,060	

YEKOOCHE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

10. CONTINGENT LIABILITIES

a) Under the terms of agreements with Aboriginal Affairs and Northern Development Canada and other government agencies, certain surpluses may be recoverable and so repayable to the government. The amount of the liability for the current year, if any, of the Yekooche First Nation is not determinable at this time.

b) Yekooche First Nation has been granted Forest License A71378 by the Province of British Columbia. Yekooche First Nation, for consideration received, relinquished all interests in the forest license to Vesco Contracting Ltd., an unrelated entity, and Vesco Contracting Ltd. has agreed to assume all regulatory and license requirements which apply to the license. The amount of the liability Yekooche First Nation may have, if any, with respect to any terms and conditions of the license as the named licensee is not determinable at this time.

11. SURPLUS FINANCIAL

The financial surplus on the summary statement of financial position consists of the following funds:

	<u>2014</u>	<u>2013</u>
Operations Fund	\$ 2,112,597	\$ 1,765,987
Capital Fund	9,153,741	10,173,549
Investment Fund	68,157	40,971
Trust fund	14,758	13,827
Treaty Negotiations Fund	<u>(6,635,774)</u>	<u>(6,667,836)</u>
	<u>\$ 4,713,479</u>	<u>\$ 5,326,498</u>

12. RECONCILIATION OF AANDC FUNDING AGREEMENT REVENUE

Pursuant to the instructions provided by Aboriginal Affairs and Northern Development Canada Year-end Reporting Handbook for First Nations, Tribal Councils and First Nation Political Organizations dated March 2013, the following reconciliation has been prepared:

AANDC Revenue as per Transfer Payment Management System Funding Confirmation	<u>\$ 1,392,630</u>	<u>\$ 1,413,074</u>
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There are no adjustments during the year. The AANDC Revenue as per Transfer Payment Management System Funding Confirmation equals the AANDC Revenue as per Summary Schedule of Revenue and Expenditures and Surplus.

13. ECONOMIC DEPENDENCE

Yekooche First Nation received 41% (March 31, 2013 - 57%) of its revenues pursuant to funding agreements with Aboriginal Affairs and Northern Development Canada.

YEKOOOCHE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

14. FINANCIAL INSTRUMENTS

Yekooche First Nation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Nation's risk exposure and concentration as of March 31, 2014.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Nation is exposed to credit risk from customers. In order to reduce its credit risk, the Nation reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Nation has a significant number of customers which minimizes concentration of credit risk.

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. In seeking to minimize the risks from interest rate fluctuations, the Nation manages exposure through its normal operating and financing activities. The Nation is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
