Paskwa Pit Stop

Financial Statements

March 31, 2013

Chalupiak & *Associates*
Certified Management Accountant
3261 Saskatchewan Drive, Regina, SK S4T 6S4
Phone (306) 359-3711 Fax (306) 569-3030

INDEPENDENT AUDITOR'S REPORT

To the Management of Paskwa Pit Stop

We have audited the accompanying financial statements of Paskwa Pit Stop, which comprise the statement of financial position as at March 31, 2013, and the statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the band's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the band'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 financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Paskwa Pit Stop as at March 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Regina, Saskatchewan
July 4, 2013

Chalupiak & Associates

Paskwa Pit Stop
Statement of Financial Position
March 31, 2013

	2013	2012
Assets		
Current assets		
Cash	$ 86,788	$ 134,076
Accounts receivable - note 2	39,947	33,739
Inventory	64,410	85,793
Prepaid expenses - note 3	3,113	2,831
	194,258	256,439
Fixed assets - note 4	239,717	165,156
	$ 433,975	$ 421,595
Liabilities		
Current liability		
Accounts payable and accrued liabilities - note 5	$ 36,897	$ 57,480
Long-term debt - note 6	94,594	32,168
	131,491	89,648
Band capital	302,484	331,947
	$ 433,975	$ 421,595

Approved on behalf of the Band

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Paskwa Pit Stop
Statement of Income
For the year ended March 31, 2013

	2013	%	2012	%
Sales, Schedule 1	$ 2,106,576	*100.0*	$ 1,937,744	*100.0*
Cost of sales, Schedule 1	1,709,860	*81.2*	1,565,782	*80.8*
Gross profit, Schedule 1	396,716	*18.8*	371,962	*19.2*
Expenses				
Advertising and promotion	3,762	*0.2*	1,978	*0.1*
Amortization	36,765	*1.7*	31,899	*1.6*
Bad debts	6,383	*0.3*	29,609	*1.5*
Professional fees	7,650	*0.4*	8,650	*0.4*
Donations	6,532	*0.3*	2,500	*0.1*
Freight	2,364	*0.1*	1,805	*0.1*
Insurance	5,995	*0.3*	5,660	*0.3*
Interest and bank charges	13,414	*0.6*	8,099	*0.4*
Meeting	195		765	
Office	9,164	*0.4*	9,014	*0.5*
Repairs and maintenance	18,688	*0.9*	10,813	*0.6*
Salaries and related benefits	205,192	*9.7*	189,869	*9.8*
Security	288		384	
Contract	3,188	*0.2*	2,013	*0.1*
Telephone	5,770	*0.3*	6,274	*0.3*
Travel	7,911	*0.4*	11,668	*0.6*
Utilities	11,115	*0.5*	10,076	*0.5*
	344,376	*16.3*	331,076	*17.1*
Income before undernoted items	52,340	*2.5*	40,886	*2.1*
Other expenses (income)				
Net income - Laundromat	(4,696)	*(0.2)*	(5,570)	*(0.3)*
Other income	(18,552)	*(0.9)*	(19,208)	*(1.0)*
Contribution to PFN	105,051	*5.0*	-	
	81,803	*3.9*	(24,778)	*(1.3)*
(Loss) Net income	$ (29,463)	*(1.4)*	$ 65,664	*3.4*

	Band's Capital	Total
Balance, March 31, 2011	$ 266,283	$ 266,283
Net income	65,664	65,664
Balance, March 31, 2012	331,947	331,947
Loss	(29,463)	(29,463)
Balance, March 31, 2013	$ 302,484	$ 302,484

	2013	2012
Cash flows from (used in) operating activities		
(Loss) Net income	$ (29,463)	$ 65,664
Item not involving cash		
Amortization	36,765	31,899
Changes in non-cash operating items		
Accounts receivable	(6,208)	94,959
Inventory	21,383	(36,520)
Prepaid expenses	(282)	(49)
Accounts payable and accrued liabilities	(20,583)	33,429
	1,612	189,382
Cash flows from (used in) investing activity		
Purchase of fixed assets	(111,326)	(52,676)
Cash flows from (used in) financing activities		
Principal payments on long-term debt	(11,814)	(2,832)
Proceeds of long-term debt	74,240	35,000
	62,426	32,168
(Decrease) increase in cash (bank indebtedness)	(47,288)	168,874
Cash (bank indebtedness), beginning of year	134,076	(34,798)
Cash, end of year	$ 86,788	$ 134,076

1. Significant accounting policies

These financial statements are prepared in accordance with International Financial Reporting Standards. The significant policies are detailed as follows:

(a) Basis of presentation

These financial statements reflect only the assets, liabilities, revenues and expenses of the Band, and do not include any other assets, liabilities, revenues or expenses of the partners or taxes on the income earned by the Band. The statement of income does not include charges for the Band's salary or interest on invested capital.

(b) International Financial Reporting Standards (IFRS)

The Canadian Accounting Standards Board adopted International Financial Reporting Standards (IFRS) to replace Canadian Generally Accepted Accounting Principles (GAAP) for fiscal years beginning on or after January 1, 2011. The Partnership adopted International Financial Reporting Standards (IFRS) effective January 1, 2011 and these financial statements are prepared in accordance with IFRS. The transition to IFRS requires the Partnership to review its accounting policies to determine whether any significant changes to accounting policies are required, and as a result of this review it was determined that no significant changes in accounting policies are required. It was also determined that there were no differences in reporting the December 31, 2010 balance sheet, income statement, and cash flows under GAAP as previously reported compared to IFRS reporting, and therefore no restatement of the previous year's financial statements was required as a result of the transition to IFRS.

(c) Fixed assets

Capital assets are recorded at cost; in the year of acquisition amortization is recorded at one-half of the annual rate.

Buildings	25 years
Parking lot	5 years
Computer equipment	3 years
Fuel tanks	10 years
Store equipment and furnishings	5 years
Software	2 years

(d) Impairment of long-lived assets

The Band tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows, the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(e) Accrual basis of accounting

Revenue and expenditures are recorded on the accrual basis of accounting and are recorded in the financial statements in the period they are earned or incurred respectively, whether or not such transactions have been settled by the receipt or payment of money.

1. Significant accounting policies, continued

(f) Investments

The equity method is used to account for the Band's investment in associated corporations, namely net assets. This method of accounting brings into consolidated earnings the Band's share in earnings of the associated corporation, which is also added to the carrying value of the investment. The excess of cost over the underlying share of equity in the investment since the date of acquisition is being amortized against the Band's share of earnings of the associated corporation.

(g) Inventory

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

(h) Contingencies

There is no provision for income taxes or related contingencies as the First Nation is exempt from paying income taxes.

(i) Measurement uncertainty

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

2. Accounts receivable

	2013	2012
Sask Finance Rebates	$ 6,327	$ 7,762
Other	78,650	71,007
Allowance for doubtful accounts	(45,030)	(45,030)
	$ 39,947	$ 33,739

3. Prepaid expenses

	2013	2012
Insurance	$ 3,113	$ 2,831

4. Fixed assets

			2013
	Cost	Accumulated amortization	Net
Buildings	$ 166,442	$ 69,278	$ 97,164
Parking lot	49,482	43,001	6,481
Computer equipment	44,701	43,616	1,085
Fuel tanks	232,799	101,780	131,019
Store equipment and furnishings	60,621	56,653	3,968
Software	9,628	9,628	-
	$ 563,673	$ 323,956	$ 239,717

			2012
	Cost	Accumulated amortization	Net
Buildings	$ 166,442	$ 62,800	$ 103,642
Parking lot	49,482	40,841	8,641
Computer equipment	44,701	43,166	1,535
Fuel tanks	121,473	77,273	44,200
Store equipment and furnishings	60,621	53,483	7,138
Software	9,628	9,628	-
	$ 452,347	$ 287,191	$ 165,156

5. Accounts payable and accrued liabilities

	2013	2012
Wages and benefits	$ 4,982	$ 4,531
General suppliers	31,915	52,949
	$ 36,897	$ 57,480

6. Long-term debt

		2013		2012
Peace Hills Trust - Gas Pumps - 3 year term loan bearing interest at 6.00%. Monthly blended payments of $1,065, secured by assignment of gaming, AANDC, Ec Dev & Paskwa Pit Stop assets	$	-	$	32,168
Peace Hills Trust - Premium Gas Tank - 5 year term loan bearing interest at 6.00%. Monthly blended payments of $1,933, secured by assignment of gaming, AANDC, Ec Dev & Paskwa Pit Stop assets		94,594		-
	$	94,594	$	32,168

Estimated principal re-payments are as follows:

2014	$	18,006
2015		19,117
2016		20,296
2017		21,548
2018		15,627
	$	94,594

Schedule 1

Paskwa Pit Stop

Schedule of Gross Profit

For the year ended March 31, 2013

2013	Revenue	Cost of sales	Rebates	Cost of sales	Gross profit	%
Fuel and auto	$ 1,064,290	$ 978,141	$ (131,309)	$ 846,832	$ 217,458	*20.4*
Grocery	97,502	74,096	-	74,096	23,406	*24.0*
Confectionary / fast food	278,782	184,627	-	184,627	94,155	*33.8*
Cigarettes and tobacco	573,658	469,519	45,319	514,838	58,820	*10.3*
Other	92,344	90,991	(1,524)	89,467	2,877	*3.1*
	$ 2,106,576	$ 1,797,374	$ (87,514)	$ 1,709,860	$ 396,716	*18.8*

2012	Revenue	Cost of sales	Rebates	Cost of sales	Gross profit	%
Fuel and auto	$ 994,340	$ 912,736	$ (121,693)	$ 791,043	$ 203,297	*20.4*
Grocery	75,458	63,632	-	63,632	11,826	*15.7*
Confectionary / fast food	250,969	151,480	-	151,480	99,489	*39.6*
Cigarettes and tobacco	529,909	430,918	45,421	476,339	53,570	*10.1*
Other	87,068	84,275	(987)	83,288	3,780	*4.3*
	$ 1,937,744	$ 1,643,041	$ (77,259)	$ 1,565,782	$ 371,962	*19.2*