

**Paskwa Pit Stop**  
**Financial Statements**  
*March 31, 2014*

# Paskwa Pit Stop

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*For the year ended March 31, 2014*

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**INDEPENDENT AUDITORS' 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, 2014, 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.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Financial Reporting 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 auditors' 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 auditors consider 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, 2014, 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 15, 2014

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Chalupiak & Associates

**Paskwa Pit Stop**  
**Statement of Financial Position**  
*March 31, 2014*

	2014	2013
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 195,367	\$ 86,788
Accounts receivable - note 2	74,299	39,947
Inventory	58,129	64,410
Prepaid expenses - note 3	4,482	3,113
	332,277	194,258
<b>Fixed assets - note 4</b>	211,839	239,717
	\$ 544,116	\$ 433,975
<b>Liabilities</b>		
<b>Current liability</b>		
Accounts payable and accrued liabilities - note 5	\$ 53,103	\$ 36,897
<b>Long-term debt - note 6</b>	76,468	94,594
	129,571	131,491
Band's capital	414,545	302,484
	414,545	302,484
	\$ 544,116	\$ 433,975

Approved on behalf of the Band

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**Paskwa Pit Stop****Statement of Income**

For the year ended March 31, 2014

	2014	%	2013	%
<b>Sales, Schedule 1</b>	\$ 2,206,742	100.0	\$ 2,106,576	100.0
<b>Cost of sales, Schedule 1</b>	1,773,610	80.4	1,709,860	81.2
<b>Gross profit, Schedule 1</b>	433,132	19.6	396,716	18.8
<b>Expenses</b>				
Advertising and promotion	1,186	0.1	3,762	0.2
Amortization	27,879	1.3	36,765	1.7
Bad debts	15,207	0.7	6,383	0.3
Professional fees	6,500	0.3	7,650	0.4
Donations	10,100	0.5	6,532	0.3
Freight	1,983	0.1	2,364	0.1
Insurance	7,259	0.3	5,995	0.3
Interest and bank charges	15,363	0.7	13,414	0.6
Meeting	500		195	
Miscellaneous	580		-	
Office	5,969	0.3	9,164	0.4
Repairs and maintenance	12,695	0.6	18,688	0.9
Salaries and related benefits	210,318	9.5	205,192	9.7
Security	480		288	
Contract	1,173	0.1	3,188	0.2
Telephone	4,889	0.2	5,770	0.3
Travel	10,588	0.5	7,911	0.4
Utilities	13,854	0.6	11,115	0.5
	346,523	15.7	344,376	16.3
<b>Income before undernoted items</b>	86,609	3.9	52,340	2.5
<b>Other income (expense)</b>				
Net income - Laundromat	5,969	0.3	4,696	0.2
Other income	19,483	0.9	18,552	0.9
Contribution to PFN	-		(105,051)	(5.0)
	25,452	1.2	(81,803)	(3.9)
<b>Net income (loss)</b>	\$ 112,061	5.1	\$ (29,463)	(1.4)

**Paskwa Pit Stop**  
**Statement of Changes in Equity**  
*For the year ended March 31, 2014*

	Band's Capital	Total	Total equity
Balance, March 31, 2012	\$ 331,947	\$ 331,947	\$ 331,947
Loss	(29,463)	(29,463)	(29,463)
Balance, March 31, 2013	302,484	302,484	302,484
Net income	112,061	112,061	112,061
Balance, March 31, 2014	\$ 414,545	\$ 414,545	\$ 414,545

**Paskwa Pit Stop**  
**Statement of Cash Flows**  
*For the year ended March 31, 2014*

	2014	2013
<b>Cash flows from (used in) operating activities</b>		
Net income (loss)	\$ 112,061	\$ (29,463)
Items not involving cash		
Amortization	27,879	36,765
Changes in non-cash operating items		
Accounts receivable	(34,352)	(6,208)
Inventory	6,281	21,383
Prepaid expenses	(1,369)	(282)
Accounts payable and accrued liabilities	16,205	(20,583)
	126,705	1,612
<b>Cash flows from (used in) investing activity</b>		
Purchase of fixed assets	-	(111,326)
<b>Cash flows from (used in) financing activities</b>		
Principal payments on long-term debt	(18,126)	(11,814)
Proceeds of long-term debt	-	74,240
	(18,126)	62,426
<b>Increase (decrease) in cash</b>	108,579	(47,288)
<b>Cash, beginning of year</b>	86,788	134,076
<b>Cash, end of year</b>	\$ 195,367	\$ 86,788

**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**

	2014	2013
	\$ (467)	\$ -
Sask Finance Rebates	10,030	6,327
Other	75,371	78,650
Allowance for doubtful accounts	(10,635)	(45,030)
	\$ 74,299	\$ 39,947

**3. Prepaid expenses**

	2014	2013
Insurance	\$ 4,482	\$ 3,113

**Paskwa Pit Stop**  
**Notes to Financial Statements**  
*For the year ended March 31, 2014*

**4. Fixed assets**

	2014		
	Cost	Accumulated amortization	Net
Buildings	\$ 166,442	\$ 75,755	\$ 90,687
Parking lot	49,482	45,161	4,321
Computer equipment	44,701	44,701	-
Fuel tanks	232,799	116,766	116,033
Store equipment and furnishings	60,621	59,823	798
Software	9,628	9,628	-
	\$ 563,673	\$ 351,834	\$ 211,839
	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

**5. Accounts payable and accrued liabilities**

	2014	2013
Wages and benefits	\$ 8,958	\$ 4,982
General suppliers	42,672	30,840
Canada Revenue Agency	386	-
Pension	1,087	1,075
	\$ 53,103	\$ 36,897

**Paskwa Pit Stop**  
**Notes to Financial Statements**  
*For the year ended March 31, 2014*

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**6. Long-term debt**

	2014	2013
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	\$ 76,468	\$ 94,594
Estimated principal repayments are as follows:		
2015	\$ 19,124	
2016	20,304	
2017	21,556	
2018	15,484	
	\$ 76,468	

Schedule 1  
**Paskwa Pit Stop**  
**Schedule of Gross Profit**  
*For the year ended March 31, 2014*

2014						
	Revenue	Cost of sales	Rebates	Cost of sales	Gross profit	%
Fuel and auto	\$ 1,110,349	\$ 1,018,100	\$ (135,993)	\$ 882,107	\$ 228,242	20.6
Grocery	114,507	76,874	-	76,874	37,633	32.9
Confectionary / fast food	277,241	198,577	-	198,577	78,664	28.4
Cigarettes and tobacco	612,098	536,481	(8,680)	527,801	84,297	13.8
Other	92,547	90,577	(2,326)	88,251	4,296	4.6
	\$ 2,206,742	\$ 1,920,609	\$ (146,999)	\$ 1,773,610	\$ 433,132	19.6

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