

**Howard Swanson & Partners**  
CHARTERED ACCOUNTANTS



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AUDITORS' REPORT

To the Council, Third Party Manager and  
Members of Red Pheasant First Nation

We have audited the balance sheet of the Red Pheasant First Nation as at March 31, 2002 and the statement of changes in fund balances, the statement of revenue and expenditures, the combined statement of revenue and expenditures and the statement of cash flows for the year then ended. The financial statements are the responsibility of the first nation's Chief and Council and Third Party Manager. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the first nation, as well as evaluating the overall financial statement presentation.

The band office was destroyed by fire in August 2002, resulting in the loss of some records that were required for our audit purposes. In addition, the accounting records which we examined were deficient in certain areas. As a result, we were unable to determine either the nature or the recipient of certain expenditures, nor were we able to examine properly documented vouchers for some expenditures. The minutes of council meetings and other documents made available to us did not adequately provide support for other revenues or expenditures.

In our opinion, except for the effect of the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the propriety and/or classification of expenditures and completeness of revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the first nation as at March 31, 2002, the results of its operations and the cash flows for the year then ended in accordance with accounting principles currently prescribed by Indian and Northern Affairs Canada.

*Howard Swanson & Partners*

North Battleford, Saskatchewan  
August 29, 2002

Chartered Accountants

RED PHEASANT FIRST NATION

Howard Swanson & Partners

Balance Sheet  
March 31, 2002

	<u>2002</u>	<u>2001</u>
<u>ASSETS</u>		
CURRENT		
Cash	\$ 77,384	\$ 354,686
Accounts receivable	707,648	467,590
Prepaid expenses	27,853	45,812
	<u>812,885</u>	<u>868,088</u>
INVESTMENTS AND ADVANCES (Note 2)	50,543	50,543
CAPITAL FUND ASSETS (Note 3)	2,930,015	3,247,303
RESERVE FUND CASH (Note 4)	92,593	231,522
OTTAWA TRUST (Note 5)	703,833	673,419
	<u>\$ 4,589,869</u>	<u>\$ 5,070,875</u>
<u>LIABILITIES</u>		
CURRENT		
Accounts payable and accrued liabilities	\$ 196,560	\$ 578,978
Deferred revenue	330,925	152,583
Current portion of long-term debt	137,637	76,128
	<u>665,122</u>	<u>807,689</u>
LONG-TERM DEBT (Note 6)	22,956	43,393
CAPITAL FUND LIABILITIES (Note 7)	827,185	869,687
	<u>1,515,263</u>	<u>1,720,769</u>
<u>FUND BALANCES</u>		
CAPITAL	2,102,830	2,377,616
RESERVE	272,884	248,210
OTTAWA TRUST	703,833	673,419
OPERATIONS	(4,941)	50,861
	<u>3,074,606</u>	<u>3,350,106</u>
	<u>\$ 4,589,869</u>	<u>\$ 5,070,875</u>

Approved on behalf of the First Nation:

*[Signature]* Chief *[Signature]* Third Party Manager  
*[Signature]* Councillor

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

## RED PHEASANT FIRST NATION

Statement of Changes in Fund Balances  
for the year ended March 31, 2002

	2002	2001
<b>CAPITAL FUND</b>		
Balance at beginning of year	\$ 2,377,616	\$ 2,350,585
Repayment of debt with operations funds	42,502	378,824
Amortization of capital assets	(317,288)	(351,793)
Balance at end of year	<u>\$ 2,102,830</u>	<u>\$ 2,377,616</u>
<b>RESERVE FUND</b>		
Balance at beginning of year	\$ 248,210	\$ 203,515
Transfer from operations fund - allocation to replacement reserve	27,737	23,992
Transfer from (to) operations fund - allocation to (from) subsidy surplus reserve	(9,134)	11,296
Interest earned	6,071	9,407
Balance at end of year	<u>\$ 272,884</u>	<u>\$ 248,210</u>
<b>OTTAWA TRUST (Note 5)</b>		
Capital Fund	\$ 652,182	\$ 634,777
Revenue Fund	51,651	38,642
Balance at end of year	<u>\$ 703,833</u>	<u>\$ 673,419</u>
<b>OPERATIONS FUND (DEFICIT)</b>		
Appropriated		
Balance at beginning of year	\$ 50,543	\$ 100,000
Transfers to unappropriated		(49,457)
Balance at end of year	<u>50,543</u>	<u>50,543</u>
Unappropriated		
Balance at beginning of year	318	144,976
Transfers from appropriated		49,457
Deficit for the year	(37,199)	(194,115)
Transfer to reserve fund - allocation to replacement reserve	(27,737)	
Transfer from (to) reserve fund - allocation (to) from subsidy surplus reserve	9,134	
Balance at end of year	<u>(55,484)</u>	<u>318</u>
	<u>\$ (4,941)</u>	<u>\$ 50,861</u>

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

## RED PHEASANT FIRST NATION

Statement of Revenue and Expenditures  
for the year ended March 31, 2002

	2002	2001
<b>REVENUE</b>		
Indian and Northern Affairs Canada	\$ 5,316,976	\$ 5,375,093
Battlefords Tribal Council	3,432	65,297
B.T.C. - Indian Health Services	116,164	106,734
B.T.C. - Pathways	25,925	30,745
Canada Mortgage and Housing Corporation	72,847	80,616
FSIN Gaming	206,146	155,662
Health Canada	861,891	177,240
Ottawa Trust	910,098	636,546
Treaty Land Entitlement Trust	1,049,908	1,473,067
Other	334,175	642,903
	<u>8,897,562</u>	<u>8,743,903</u>
<b>EXPENDITURES</b>		
Assistance	557,509	502,448
Basic/special needs	1,160,792	1,211,247
Bussing	269,144	265,900
Capital fund debt repayment	42,502	378,824
Consulting fees	18,668	23,056
Honorarium	749,235	385,782
Interest on long-term and capital fund debt	228,589	321,123
Materials, subtrades and contractors	2,269,089	1,588,394
Share of partnership loss		49,457
Tuition, living allowances and assistance	1,188,798	1,174,751
Wages and benefits	1,533,184	1,906,501
Other	917,251	1,130,535
	<u>8,934,761</u>	<u>8,938,018</u>
Deficit for the year	<u>\$ (37,199)</u>	<u>\$ (194,115)</u>

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

**RED PHEASANT FIRST NATION**  
Combined Statement of Revenue and Expenditures  
for the year ended March 31, 2002

Fund Activity	INAC Contri- butions	Other Revenue	Total Revenue	Total Expenditures	Current Surplus (Deficit)	Prior Surplus (Deficit)	Transfers From (To)	Cumulative Surplus (Deficit)
Land, Reserves and Trust Membership L.R.T.	\$ 12,978 10,154 23,132	\$ 9,500 6,475 15,975	\$ 22,478 16,629 39,107	\$ 27,956 17,635 45,591	\$ (5,478) (1,006) (6,484)	\$ 601 958 1,559	\$ Nil	\$ (4,877) (48) (4,925)
Education								
Instruction	965,895	8,559	974,454	943,998	30,456	141,418	(170,406)	1,468
Daily Transportation	277,500		277,500	269,144	8,356	36,543	(44,899)	
Student Tuition	600,730		600,730	600,730				
Benefits	77,400		77,400	139,407	(62,007)	(132,338)	194,345	
Instructional Support	120,400	1,003	120,400	216,926	(96,526)	(40,894)	137,420	107,424
Post-Secondary O & M	696,100 129,221	3,119	697,103 132,340	642,541 130,739	54,562 1,601	159,602 (42,796)	(106,740) 41,195	
	2,867,246	12,681	2,879,927	2,943,485	(63,558)	121,535	50,915	108,892
Social Development								
Welfare Administration	67,992	7,789	75,781	75,194	587	(13,103)		(12,516)
Basic Needs	1,071,256		1,071,256	1,071,256				
Special Needs	141,290		141,290	89,336	51,754	(23,334)		28,420
National Child Benefit	123,916		123,916	73,001	50,915	1	(50,915)	1
	1,404,454	7,789	1,412,243	1,308,987	103,256	(36,436)	(50,915)	15,905
Community Infrastructure								
Housing - O & M	5,922	10,725	16,647	9,952	(9,952)	(13,300)		(23,252)
Fire Protection	88,316		88,316	18,268	(1,621)	(7,733)	1,621	(7,733)
Roads O & M	24,382		24,382	52,100	(27,718)		(36,216)	
Sanitation O & M	118,952	17,936	136,888	29,990	(5,608)	5,608		
Water O & M	24,924		24,924	185,576	(48,688)		47,153	(1,535)
Community Buildings	8,480		8,480	5,812	19,112		(19,112)	
Electrical O & M		154,102	154,102	9,426	(946)		946	
C.M.H.C. O & M		2,004	2,004	169,669	(15,567)	(2,110)	(18,603)	(36,280)
Arena O & M				73,982	(71,978)	(29,534)	101,512	
	270,976	184,767	455,743	554,775	(99,032)	(52,677)	82,909	(68,800)

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**RED PHEASANT FIRST NATION**  
Combined Statement of Revenue and Expenditures  
for the year ended March 31, 2002

Fund Activity	INAC Contri- butions	Other Revenue	Total Revenue	Total Expenditures	Current Surplus (Deficit)	Prior Surplus (Deficit)	Transfers From (To)	Cumulative Surplus (Deficit)
Band Government Administration Election Code Governance	\$ 325,920 12,470	\$ 48,026	\$ 373,946	\$ 372,498	\$ 1,448	\$ 128,766	\$ Nil	\$ 130,214
				6,172	6,298	526		6,298
Capital	338,390	48,026	386,416	378,670	7,746	129,292		137,038
Housing Renovations	327,229	416,952	416,952	431,025	(14,073)	23,076		9,003
Health Clinic		25,082	352,311	327,087	25,224			25,224
Band Hall		85,000	85,000	855,740				
School Expansion	80,855	260	81,115	90,658	(9,543)			(9,543)
	408,084	1,363,034	1,771,118	1,769,510	1,608	23,076		24,684
Health and Welfare								
Medical Transportation		182,772	182,772	169,420	13,352	8,864		22,216
Health Portfolio		5,000	5,000	157	4,843	424		5,267
Medical Clinic		14,683	14,683	22,490	(7,807)	507		(7,300)
Health Committee		3,000	3,000		3,000	3,000		6,000
Other		205,455	205,455	192,067	13,388	12,795		26,183
Band Revenue	336,405		336,405	432,045	(95,640)	(131,122)		(238,632)
Community Building Security	4,694		4,694	9,305	(4,611)	(822)	(11,865)	5,017
Summer Students		7,782	7,782	6,849	933	6,649		7,582
FSIN Gaming		219,746	219,746	98,477	121,269	77,578		198,847
Recreation		3,914	3,914	91,417	(87,503)	(2,053)		(2,053)
Economic Development		81,906	81,906	64,239	17,667	(1,104)		(104,184)
Daycare		660,203	664,897	702,332	(37,435)	(67,560)	(11,865)	(116,860)
Treaty Land Entitlement Band Development		1,082,656	1,082,656	1,039,344	43,312	(80,723)	(89,647)	(127,058)
	5,316,976	3,580,586	8,897,562	8,934,761	(37,199)	50,861	(18,603)	(4,941)
Replacement Reserve							27,737	
Subsidy Surplus Reserve							(9,134)	
							\$ Nil	\$ Nil

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RED PHEASANT FIRST NATION

Howard Swanson & Partners

Statement of Cash Flows  
for the year ended March 31, 2002

	<u>2002</u>	<u>2001</u>
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Deficit for the year	\$ (37,199)	\$ (194,115)
Add (deduct) items not affecting cash		
Share of partnership loss		49,457
Transfer to replacement reserve		23,992
Transfer to subsidy surplus		11,296
Net change in non-cash working capital balances related to operations*	(426,175)	(63,042)
Adjustment for capital transactions included in operations		
Repayment of capital fund debt, expensed in operations fund	42,502	378,824
	<u>(420,872)</u>	<u>206,412</u>
CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES		
Transfer from (to) replacement reserve	145,000	(31,916)
Transfer to subsidy surplus reserve		(10,982)
	<u>145,000</u>	<u>(42,898)</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Proceeds from long-term financing	167,869	100,000
Retirement of long-term debt	(126,797)	(70,292)
Retirement of capital fund debt	(42,502)	(378,824)
	<u>(1,430)</u>	<u>(349,116)</u>
CASH PROVIDED (USED) IN THE YEAR	(277,302)	(185,602)
CASH AT BEGINNING OF YEAR	<u>354,686</u>	<u>540,288</u>
CASH AT END OF YEAR	\$ <u>77,384</u>	\$ <u>354,686</u>
*NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS		
Decrease (increase) in accounts receivable	\$ (240,058)	\$ (136,030)
Decrease (increase) in prepaid expenses	17,959	(1,759)
Increase (decrease) in accounts payable	(382,418)	212,970
Increase (decrease) in deferred revenue	178,342	(138,223)
	<u>\$ (426,175)</u>	<u>\$ (63,042)</u>
Note: Interest paid	\$ 231,863	\$ 356,286

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

RED PHEASANT FIRST NATION

Howard Swanson & Partners

Notes to Financial Statements  
March 31, 2002

1. Summary of Significant Accounting Policies

(a) Reporting Entity and Principles of Financial Reporting

The first nation reporting entity includes the Red Pheasant First Nation government and all related entities which are accountable to the first nation and are either owned or controlled by the first nation. These financial statements consolidate the assets, liabilities and results of operations for the first nation government, as defined below.

The Red Pheasant First Nation government consists of the Chief and Council and RMS Management Services Inc., a corporation owned by Rhoda Soonias, hereinafter referred to as the Third Party Manager.

The Third Party Manager has been appointed by Indian and Northern Affairs Canada (INAC). Under the terms of her agreement, she is the recipient of INAC funding, and is responsible for delivery of the related services and reporting to the band members. She has no authority other than with respect to INAC funded programs. Chief and Council are responsible, as elected officials of the first nation, for all funding, except for INAC funding referred to above.

The Third Party Manager and Chief and Council have adopted a working relationship which essentially transfers authority for allocation of resources, including those provided by INAC, to Chief and Council. Decisions are made at duly convened meetings of Chief and Council, by majority vote, with the Third Party Manager acting only as an advisor. INAC funding is transferred to the first nation by the Third Party Manager and, for certain programs, combined with funding from other sources for which Chief and Council is solely responsible. The Third Party Manager is the sole signing authority on all such accounts.

(b) Investments

The first nation owns a membership interest in Saskatoon First Nations Investment Corporation and accounts for its investment in that company on the cost basis whereby the companies earnings are recognized only to the extent received or receivable.

The first nation owns 5,000 units in Jackfish Lodge Limited Partnership and accounts for its investment on the modified equity basis whereby the investment is initially recorded at cost and adjusted to recognize the first nation's share of earnings or losses and reduced by capital distributions.

(c) Capital Assets

Capital assets include equipment, arena and social housing expenditures which are recorded at cost in the Capital Fund.

The acquisition costs of capital assets, which are paid from current year's revenues, are charged to operations and matched with the applicable revenue source in the year of the expenditure. The expenditure is also recorded as an addition to Capital Fund Assets with a corresponding increase in the Capital Fund Balance.

RED PHEASANT FIRST NATION

Howard Swanson & Partners

Notes to Financial Statements  
March 31, 2002

1. Summary of Significant Accounting Policies (continued)

(c) Capital Assets (continued)

The acquisition costs of capital assets, which are funded from capital financing sources, are recorded as an addition to Capital Fund Assets with a corresponding increase in Capital Fund Debt. Payments on capital debt are charged to operations and matched with the applicable revenue source in the year of the expenditure, with a corresponding increase in the Capital Fund Balance.

Social Housing assets acquired under C.M.H.C. sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in related long term debt, as required for C.M.H.C. reporting purposes. Amortization is recorded on the reducing balance basis at 10% on TLE Housing and Arena assets and 20% on equipment.

(d) Trust Funds

First Nation Funds Held in Trust (Ottawa) are included as income in these statements only to the extent they have been received from the first nation's capital and/or revenue trust funds. The amounts on deposit with the Government of Canada are audited by the Auditor General of Canada. Certain land leases relating to reserve status land, primarily resulting from the Treaty Land Entitlement process, have been received directly by the first nation. These receipts have been recorded as revenue by the first nation.

The Treaty Land Entitlement Trust was established to receive entitlement monies relating to the settlement of land claims of Red Pheasant First Nation. The trust consists of entitlement monies which must be used to acquire the first nation's shortfall acres. Shortfall acres were achieved in June 1998. Trust capital may now be used for band development purposes. Interest and land lease revenues, less related expenses, is transferred to the first nation. The terms and conditions governing the trust transactions are contained in various trust agreements.

Proceeds of TLE entitlement monies and TLE loans, which are transferred to the first nation for band development purposes, will be recorded as revenue. Repayments of loan principal by the TLE Trust will be made directly from entitlement monies and, accordingly, will not be recorded as revenue of the first nation. Interest on the loan, to the extent that it relates to band development, will be recorded as an expenditure in the first nation's TLE Band Development program.

(e) Deferred Revenue

Revenue is recorded in the period specified in the funding agreements entered into with government agencies and other organizations. Revenue received in advance of making the related expenditures is recorded as deferred revenue.

(f) Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

RED PHEASANT FIRST NATION

Howard Swanson & Partners

Notes to Financial Statements  
March 31, 2002

2. Investments and Advances

	<u>2002</u>	<u>2001</u>
Saskatoon First Nations Investment Corporation	\$ 50,000	\$ 50,000
Jackfish Lodge Limited Partnership - 5,000 units	543	543
	<u>\$ 50,543</u>	<u>\$ 50,543</u>

3. Capital Fund Assets

	<u>2002</u>	<u>2001</u>		
	Cost	Accumulated Amortization	Net	Net
C.M.H.C. Housing	\$ 1,110,894	\$ 283,709	\$ 827,185	\$ 869,687
Equipment	462,801	166,608	296,193	370,241
Arena	1,673,928	318,047	1,355,881	1,506,535
T.L.E. Housing	556,489	105,733	450,756	500,840
	<u>\$ 3,804,112</u>	<u>\$ 874,097</u>	<u>\$ 2,930,015</u>	<u>\$ 3,247,303</u>

4. Reserve Fund Cash

The first nation is required under agreement with C.M.H.C. to set aside funds for future housing expenditures. These funds are maintained in separate bank accounts. The bank accounts were underfunded by \$180,291 as at March 31, 2001 (\$16,688 - 2001).

5. First Nations Funds Held in Trust (Ottawa)

	<u>2002</u>	<u>2001</u>
Capital Fund		
Balance at beginning of year	\$ 634,777	\$ 281,258
Add - royalty revenues	1,021,206	885,351
- other	5,863	
	<u>1,661,846</u>	<u>1,166,609</u>
Deduct transfers under Section 64		
- 2000/01- total		531,832
- 2000/01-346-098 (19/04/01)	9,938	
- 2000/01-346-055 (20/04/01)	21,557	
- 2001/02-346-006 (22/05/01)	11,571	
- 2001/02-TLE/28 (06/07/01)	211,800	
- 2001/02-346-030 (09/08/01)	11,865	
- 2000/01-TLE-84 (24/08/01)	212,575	
- 2001/02-346-033(07/09/01)	48,365	

RED PHEASANT FIRST NATION

Howard Swanson & Partners

Notes to Financial Statements  
March 31, 2002

5. First Nations Funds Held In Trust (Ottawa) (continued)

- 2001/02-346-040 (07/09/01)	61,000	
- 2000/01-346-098 (19/09/01)	9,063	
- 2001/02-346-042 (09/10/01)	89,647	
- 2001/02-346-042 (12/10/01)	58,552	
- 2001/02-346-056 (13/11/01)	45,000	
- 2001/02-346-056 (13/11/01)	40,000	
- 2001/02-346-062 (04/12/01)	39,300	
- 2001/02-346-042 (17/01/02)	14,377	
- 2001/02-346-066 (07/02/02)	17,200	
- 2001/02-346-066 (11/02/02)	34,900	
- 2001/02-346-066 (19/02/02)	22,200	
- 2000/01-TLE-84 (01/03/02)	15,154	
- 2001/02-346-066 (15/03/02)	35,600	
	<u>1,009,664</u>	<u>531,832</u>
Balance at end of year	\$ <u>652,182</u>	\$ <u>634,777</u>
Revenue Fund		
Balance at beginning of year	\$ 38,642	\$ 22,498
Add - interest and other revenues	48,238	27,497
- lease revenues	77,005	93,361
	<u>163,885</u>	<u>143,356</u>
Deduct transfers under Section 69		
- 2000/01-total		104,714
- 2001/02-346-005 (19/04/01) Elders	26,250	
- 2001/02-346-017 (11/06/01) Education	19,132	
- 2001/02-346-053 (18/09/01) Assistance	9,640	
- 2001/02-346-057 (15/11/01) Land Payment	860	
- 2001/02-346-065 (04/12/01) Assistance	35,721	
- 2001/02-346-070 (21/03/02) Assistance	16,405	
- 2001/02-346-090 (21/03/02) Assistance	4,226	
	<u>112,234</u>	<u>104,714</u>
Balance at end of year	\$ <u>51,651</u>	\$ <u>38,642</u>
Total	\$ <u>703,833</u>	\$ <u>673,419</u>

The Section 64 transfers (BCR's 098, 055, TLE-84, 033, 040, 098 and 062) totalling \$416,952 were requisitioned for capital housing, roads and fences. The revenue and expenditures for this project are included in the Capital Housing program.

RED PHEASANT FIRST NATION

Howard Swanson & Partners

Notes to Financial Statements  
March 31, 2002

5. First Nations Funds Held In Trust (Ottawa) (continued)

The Section 64 transfer of \$11,571 was requisitioned for, and spent on, housing repairs. The related expenditure is included in Materials, Renovations program.

The Section 64 transfer of \$211,800 was requisitioned for, and used by, the Red Pheasant TLE Trust for the purchase of entitlement land. The funds received are recorded as Deferred Revenue, and the related payment is included in Accounts Receivable, as detailed in Note 8.

The Section 64 transfer of \$11,865 was requisitioned for, and spent on, arena start-up costs. The related expenditures are included in the Arena O & M program. The revenues were recorded in the Band Revenue program and have been transferred to the Arena O & M program.

The Section 64 transfers (BCR 042) totalling \$162,576 were requisitioned for health clinic capital costs. The revenue and expenditures for this project are included in the Capital Health Clinic program.

The Section 64 transfers (BCR 056) totalling \$85,000 were requisitioned for the band hall capital project. The related revenue and expenditures are included in the Capital Band Hall program.

The Section 64 transfers (BCR 066) totalling \$109,900 were requisitioned for per capita payments to band members. The related expenditures are included in Assistance, Band Revenue program.

The Section 69 transfers totalling \$112,234 were requisitioned for various types of assistance to band members. The related expenditures are included in Assistance, Band Revenue program.

6. Long-Term Debt

			<u>2002</u>	<u>2001</u>
	<u>Total</u>	<u>Current Portion</u>	<u>Long-Term Total</u>	<u>Long-Term Total</u>
Bank loan #1	\$ 40,459	\$ 40,459		
Bank loan #2	21,988	10,776	\$ 11,212	\$ 19,756
Bank loan #3	23,278	11,534	11,744	23,637
Bank loan #4	74,868	74,868		
	<u>\$ 160,593</u>	<u>\$ 137,637</u>	<u>\$ 22,956</u>	<u>\$ 43,393</u>

The bank loan #1 is secured by an assignment of funding from the Battlefords Tribal Council. The loan is repayable in quarterly instalments of \$36,000, including interest. Interest on the loan is at prime plus 3%.

The bank loan #2 is secured by an assignment of revenues from the Saskatchewan Indian Gaming Trust Fund. The loan is repayable in quarterly instalments of \$3,100, including interest. Interest on the loan is at prime plus 2%.

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6. Long-Term Debt (continued)

The bank loans #3 and #4 are secured by an assignment of revenues from the Saskatchewan Indian Gaming Trust Fund. The loans are repayable in quarterly instalments of \$3,200 and \$27,500, respectively, including interest. Interest on the loans is at prime plus 3%.

The total principal repayment due on long-term debt in each of the next two years is as follows:

2003	\$ 137,637
2004	22,956

7. Capital Fund Liabilities

	Total	Current Portion	2002 Long-Term Total	2001 Total
Bank loan #1	\$ 16,979	\$ 6,680	\$ 10,299	\$ 23,212
Bank loan #2	388,030	17,922	370,108	404,808
Bank loan #3	377,425	15,172	362,253	392,864
Bank loan #4	44,751	4,366	40,385	48,803
	<u>\$ 827,185</u>	<u>\$ 44,140</u>	<u>\$ 783,045</u>	<u>\$ 869,687</u>

The bank loans #1, #2, #3 and #4 are secured by mortgages on buildings. The loans are repayable in monthly instalments of \$638, \$3,586, \$3,323 and \$631, respectively, including interest. Interest on the loans is at 7.05%, 6.7%, 6.7% and 7.6%, respectively. The loans are guaranteed by Indian and Northern Affairs Canada.

The total principal repayment due on capital fund debt in each of the next five years is as follows:

2003	\$ 44,140
2004	47,434
2005	46,201
2006	46,043
2007	49,229

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8. Treaty Land Entitlement Trust

Effective June 1999, the Red Pheasant Treaty Land Entitlement (TLE) Trust was approved for a loan under Article 4.13 of the Framework Agreement, which requires the mutual consent of the Red Pheasant TLE Trustees, Red Pheasant First Nation Chief and council, Indian and Northern Affairs Canada and the financial institution. Under the terms of the loan agreement, the TLE Trust is permitted to borrow up to \$5 million for the purposes of entitlement land and band development costs. As security for the loan, the Chief and council of the first nation have authorized the TLE Trustees to provide an irrevocable assignment of future years' TLE entitlement monies, and a general security agreement covering all assets of the TLE Trust.

The year end of the trust is March 31 and is summarized as follows:

	2002	2001
Capital Fund		
Balance at beginning of year	\$ 2,107,159	\$ 4,244,631
Settlement proceeds receivable	510,000	
Transfers of land to reserve status	(319,229)	(730,753)
Distributions to Red Pheasant First Nation	<u>(1,011,088)</u>	<u>(1,406,719)</u>
Balance at end of year	<u>\$ 1,286,842</u>	<u>\$ 2,107,159</u>
Revenue Fund		
Balance at beginning of year	\$ Nil	\$ Nil
Net income for the year	38,820	66,348
Distributions to Red Pheasant First Nation	<u>(38,820)</u>	<u>(66,348)</u>
Balance at end of year	<u>\$ Nil</u>	<u>\$ Nil</u>

The financial statements of the Red Pheasant Treaty Land Entitlement Trust include a liability at March 31, 2002 of \$123,992 (\$85,172 - March 31, 2001) for undistributed income due to beneficiary, and a liability at March 31, 2002 of \$211,800 for advances to purchase entitlement land. Corresponding amounts are included in the financial statements of Red Pheasant First Nation as accounts receivable.

9. Financial Instruments

Credit Risk

The first nation, in the normal course of operations, derives revenues from the rental of farmland and certain residential housing. It is exposed to credit risk from its tenants.