GAME HOST
Income Fund

2009 Interim Financial Statements
for the nine months ended September 30, 2009

Interim Consolidated Balance Sheets
(unaudited)

	September 30, 2009	Audited December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 10,481,874	$ 12,045,414
Restricted cash (note 8)	35,130	58,962
Accounts receivable	671,279	1,215,303
Inventories (note 3)	286,524	304,239
Prepaid expenses	348,783	261,109
Due from related parties (note 12)	-	30,575
Current assets of discontinued operations (note 18)	-	1,044,104
	11,823,590	14,959,706
Property, plant and equipment (note 9)	31,386,872	33,201,893
Goodwill (note 3)	42,579,216	42,579,216
Long term assets of discontinued operations (note 18)	-	11,473,837
	$ 85,789,678	$ 102,214,652
Liabilities and unit holder equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,588,975	$ 2,210,970
Revolving credit lines (note 11)	6,000,000	4,000,000
Demand loans (note 11)	17,744,461	15,332,924
Unit holder distributions payable	1,547,184	5,080,588
Current liabilities of discontinued operations (note 18)	-	8,762,218
	27,880,620	35,386,700
Future income taxes (note 10)	1,483,984	1,800,682
Long term liabilities discontinued operations (note 18)	-	52,922
	29,364,604	37,240,304
Minority unit holders' equity (note 14)	25,981,280	32,955,463
	55,345,884	70,195,767
Fund unit holders' equity (note 13)	30,443,794	32,018,885
	$ 85,789,678	$ 102,214,652

Commitments (note 15)

Guarantees (note 16)

Subsequent events (note 19)

See accompanying notes to consolidated financial statements

Interim Consolidated Statements of Income and Comprehensive Income
(unaudited)

	nine months ended September 30		three months ended September 30	
	2009	2008	2009	2008
Revenue				
Hotel - rooming	$ 5,010,512	$ 6,324,696	$ 1,531,466	$ 2,264,988
Table games	6,186,201	5,595,285	1,862,998	1,884,796
Slot machines	14,262,842	15,945,997	4,604,795	5,283,898
Food and beverage services	7,692,932	8,382,568	2,339,228	2,637,235
Lease and rental	271,354	243,297	96,260	79,592
Other	2,869,993	3,530,822	880,887	1,158,163
	36,293,834	40,022,665	11,315,634	13,308,672
Operating Expenses				
Cost of goods sold	2,398,898	2,669,401	734,982	852,688
Human resources	9,636,397	10,187,573	3,152,096	3,372,411
Marketing and promotions	1,542,762	1,765,491	541,600	594,552
Operating	4,372,730	4,748,599	1,416,624	1,687,381
Corporate and general administration	1,649,763	1,479,586	547,281	429,886
Amortization of property, plant and equipment	1,422,331	1,520,506	475,866	518,251
	21,022,881	22,371,156	6,868,449	7,455,169
Operating income	15,270,953	17,651,509	4,447,185	5,853,503
Other income and (expenses)				
Interest charges	(584,698)	(967,277)	(204,278)	(305,756)
	(584,698)	(967,277)	(204,278)	(305,756)
Income before taxes and minority interest	14,686,255	16,684,232	4,242,907	5,547,747
Future income tax recovery (expense) (note 10)	316,698	54,135	(1,459,195)	(43,089)
	15,002,953	16,738,367	2,783,712	5,504,658
Minority interest	(6,634,761)	(8,195,217)	(652,138)	(2,695,118)
Net and comprehensive income (loss)				
Continuing operations	$ 8,368,192	$ 8,543,149	$ 2,131,574	$ 2,809,539
Discontinued operations	(5,369,968)	(252,693)	(2,220,400)	(162,588)
	$ 2,998,224	$ 8,290,456	$ (88,826)	$ 2,646,951
Net Income/unit and comprehensive income/unit				
Continuing operations	$ 0.711	$ 0.793	$ 0.181	$ 0.261
Discontinued operations	(0.456)	(0.023)	(0.189)	(0.015)
	$ 0.255	$ 0.770	$ (0.008)	$ 0.246

See accompanying notes to financial statements

Interim Consolidated Statements of Fund Unit Holders' Equity
(unaudited)

	nine months ended September 30		three months ended September 30	
	2009	**2008**	**2009**	**2008**
Balance at beginning of period	$ 32,018,885	$ 32,133,482	$ 31,576,932	$ 33,253,340
Unit class conversions	3,193,434	-	1,544,605	-
Net earnings	8,368,192	8,543,149	2,131,574	2,809,539
Net earnings - discontinued operations	(5,369,968)	(252.693)	(2,220,400)	(162,588)
Distributions to Fund unit holders	(7,766,749)	(6,892,664)	(2,588,917)	(2,369,017)
Balance at end of period	$ 30,443,794	$ 33,531,274	$ 30,443,794	$ 33,531,274

See accompanying notes to financial statements

Interim Consolidated Cash Flows
(unaudited)

	nine months ended September 30		three months ended September 30	
	2009	**2008**	**2009**	**2008**
Operating Activities				
Net earnings from continuing operations	$ 8,368,192	$ 8,543,149	$ 2,131,574	$ 2,809,539
Add non-cash items:				
Future income tax expense (recovery)	(316,698)	(54,135)	1,459,195	43,089
Amortization of property, plant & equipment	1,422,331	1,520,506	475,866	518,251
Allocation to minority interest	6,634,761	8,195,218	652,138	2,695,119
	16,108,586	18,204,738	4,718,773	6,065,998
Decrease (increase) in operating working capital:				
Accounts receivable	544,024	81,796	(76,503)	(139,939)
Inventories	17,715	16,277	1,603	21,046
Prepaid expenses	(87,674)	(82,243)	170,697	70,248
Accounts payable and accrued liabilities	(830,452)	(471,677)	(429,898)	(88,864)
Cash provided by (used for) continuing operations	15,752,199	17,748,891	4,384,672	5,928,489
Cash provided by (used for) discontinued operations	(4,233,236)	(506,845)	(4,056,169)	(106,717)
	11,518,963	17,242,046	328,503	5,821,772
Financing Activities				
Advances (to) from related parties	30,575	(52,453)	125,881	(59,258)
Net advanced (repaid) on revolving loans	2,000,000	3,700,000	-	-
Net advanced (repaid) on demand term debt	(1,589,463)	(671,664)	(522,721)	(1,693,474)
Distributions to minority unit holders	(7,720,483)	(10,562,464)	(1,371,988)	(2,272,534)
Fund unit holder distributions	(9,737,575)	(10,682,288)	(3,269,564)	(2,369,017)
Cash provided by (used for) continuing operations	(17,016,946)	(18,268,869)	(5,038,392)	(6,394,283)
Cash provided by (used for) discontinued operations	3,353,980	13,024,678	3,386,406	2,237,137
	(13,662,966)	(5,244,191)	(1,651,986)	(4,157,146)
Investing Activities				
Gain on sale of assets	7,257	-	7,257	-
Purchase of property, plant & equipment	(306,050)	(906,464)	-	(11,577)
Cash provided by (used for) continuing operations	(298,793)	(906,464)	7,257	(11,577)
Cash provided by (used for) discontinued operations	(11,058)	(11,524,000)	(10,977)	(1,833,418)
	(309,851)	(12,430,464)	(3,720)	(1,844,995)
Increase (decrease) in cash and cash equivalents	(2,453,855)	(432,609)	(1,327,203)	(180,368)
Opening cash and cash equivalents				
Continuing operations	12,045,414	13,124,669	11,128,337	12,191,788
Discontinued operations	890,315	-	680,740	680,640
Closing cash and cash equivalents	$ 10,481,874	$ 12,692,060	$ 10,481,874	$ 12,692,060
Cash and cash equivalents related to:				
Continuing operations	$ 11,372,189	$ 11,698,227	$ 11,162,614	$ 12,395,058
Discontinued operations	(890,315)	993,833	(680,740)	297,002
	$ 10,481,874	$ 12,692,060	$ 10,481,874	$ 12,692,060

See accompanying notes to financial statements

Notes to Interim Consolidated Financial Statements *(unaudited)*

nine months ended September 30, 2009

1. Organization Structure

Fund

Gamehost Income Fund (the "Fund") is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta and is governed by a trust agreement dated April 9, 2003 (the "Fund Agreement").

Trust

Gamehost Trust (the "Trust") is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta and is governed by a trust agreement dated April 10, 2003 (the "Trust Agreement"). All of the issued and outstanding units of the Trust are owned by the Fund. The Trustees of the Trust are the Trustees of the Fund.

Limited Partnership

Gamehost Limited Partnership (the "Limited Partnership") is a limited partnership formed under the laws of the Province of Alberta. The Limited Partnership owns the assets and business operations of the Fund. The Limited Partnership began operations of the Fund effective June 1, 2003.

Manager

The general partner of the Limited Partnership is Gamehost Management Inc. (the "Manager"). Pursuant to a management agreement (the "Management Agreement") between the Fund and the Manager, the administration and management of the Fund was delegated to the Manager.

Units

An unlimited number of Fund Units and Special Voting Units may be created and issued pursuant to the Fund Agreement. The Limited Partnership is authorized to issue unlimited numbers of both Fund Units and Class B Limited Partnership units ("B Units"). There are 11,773,153 Fund Units and 9,334,400 B Units of the Limited Partnership issued and outstanding. B Units are exchangeable, on a one-for-one basis, for Fund Units. Holders of Fund Units and holders of B Units have equal voting rights. 1,000,000 B Units were exchanged for Fund Units during the Quarter. There were no other changes in the number of units issued or outstanding during the Period. All comparative unit and earnings/unit figures have been restated to reflect a 3 for 1 unit split in April of 2008.

2. Nature of Operations

The Fund's activities are currently confined to the Province of Alberta, Canada. Operations include the Boomtown Casino in Ft. McMurray, the Great Northern Casino in Grande Prairie and Service Plus Inns & Suites ("Service Plus"), a limited service hotel, also located in Grande Prairie. As a complement to the hotel, the Fund owns a retail complex (the "Strip Mall") that leases space to pub and full service restaurant operations. The Fund is a 40% joint venture partner in Deerfoot Inn & Casino Inc., (the "Deerfoot Joint Venture"), in Calgary and a 20% joint venture partner in Calgary West Hospitality Inc., (the "Stampede Joint Venture"). The Stampede Joint Venture opened for business on June 19, 2008 in Calgary and was placed into voluntary receivership on August 17, 2009.

Notes to Interim Consolidated Financial Statements *(unaudited)*
nine months ended September 30, 2009

2. Nature of Operations (cont.)

Gaming operations of the Fund are controlled by the Alberta Gaming and Liquor Commission. Operations include Fund owned table games and the government owned slot machines and lottery ticket outlets. Hotel operations of the Fund include full and limited service hotels and banquet and convention services. Food, beverage and entertainment are offered at each of the Fund's casino locations.

It is the intent and practice of the Fund to distribute taxable income of the Fund to unit holders by way of regular monthly cash distributions.

3. Significant Accounting Policies

Basis of Preparation

These consolidated interim financial statements ("Financial Statements") of the Fund have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

These Financial Statements include the activities of the Fund, the Trust, the Limited Partnership with all its operating divisions, subsidiaries and the Fund's proportionate share of its joint ventures. The Fund's functional and reporting currency is in Canadian dollars.

Certain prior year figures have been reclassified to conform to the current method of presentation.

Principles of Consolidation

These Financial Statements include the accounts of wholly owned subsidiaries, partnerships and trusts and its proportionate share of joint ventures. All significant accounts and transactions between consolidated entities are eliminated.

Joint ventures

The Fund's investment in the Deerfoot Joint Venture is accounted for using the proportionate consolidation method. The Fund's investment in the Stampede Joint Venture is reported as discontinued operations.

Estimates

Preparation of these Financial Statements requires management to make estimates and assumptions that affect the reported amounts and disclosure of assets and liabilities at the date of the Financial Statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from these estimates. Estimates are used when accounting for such items and matters as long-term contracts, allowance for doubtful accounts, inventory obsolescence, amortization, employee benefits, impairment of long-lived assets, accrued liabilities, intangibles, future income taxes and contingencies.

Cash and cash equivalents

Cash and cash equivalents consist of floats, bank balances and credit card accounts. US dollar balances have been converted to Canadian equivalents using exchange rates at the end of the Period.

Notes to Interim Consolidated Financial Statements *(unaudited)*
nine months ended September 30, 2009

3. Significant Accounting Policies (cont.)

Inventories

Inventories are recorded at the lower of cost or net realizable value, cost being determined by using the first-in first-out method. Inventories are limited to high turnover food, beverage and concession stuffs, uniforms and playing cards. During the Period there were no reversals of write-downs or provisions recognized in prior periods.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Amortization is based on their estimated useful life using the following rates and methods:

Land improvements	- 2% straight line
Buildings	- 4% - 5% reducing balance
Leaseholds	- 5 to 10 years straight line
Furniture, fixtures and equipment	- 20% - 45% reducing balance

Assets under capital lease are accounted for at cost. Amortization is based on their estimated useful life which is the same period over which they are financed being 3 years.

Goodwill and intangible assets

Goodwill represents the excess of the purchase of acquired assets over the estimated fair value of the tangible and intangible net assets.

Goodwill is tested for impairment at least annually and whenever events or circumstances indicate that its carrying value may not be fully recoverable. The impairment test requires comparing the carrying values of the reporting units, including goodwill, to their fair values. The Fund determines fair value using price-to-earnings multiples or discounted cash flows which ever is most appropriate in the circumstances. Any excess of carrying value over the fair value of goodwill is charged to operations in the period the impairment occurred.

The Fund has not developed any internal intangible assets.

Long-lived assets

Long-lived assets, such as property, plant and equipment and tangible assets with finite lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If such assets are considered to be impaired, the impairment is charged to operations in the period the impairment occurred. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Revenue recognition

Revenues from gaming operations consist of the Fund's share of the gaming wins pursuant to its operating agreement with Alberta Gaming and Liquor Commission and are recognized on a daily basis.

Revenues from hotel operations and food and beverage sales are recognized when services are rendered. Revenues from rental operations are recognized in accordance with the lease agreements.

Notes to Interim Consolidated Financial Statements *(unaudited)*
nine months ended September 30, 2009

3. Significant Accounting Policies (cont.)

Financial Instruments

Canadian GAAP requires that financial instruments be classified into one of the five categories; held for trading, held to maturity, loans and receivables, available for sale financial assets or other financial liabilities.

Classification	**Measurement**	
Financial asset / liability	Fair Value	Amortized Cost
Held for trading		
Cash and cash equivalents	✓	
Restricted cash	✓	
Loans and receivables		
Accounts receivable		✓
Due to/from related parties		✓
Other liabilities		
Revolving credit lines		✓
Accrued and accounts payable		✓
Unit holder distributions payable		✓
Demand loans		✓

4. Adoption of New Accounting Standards

Goodwill and Intangible Assets, section 3450

This section replaces Goodwill and other Intangible Assets, section 3062 and Research and Development Costs, section 3450. The standard addresses when internally developed intangible assets meets the criteria for recognition as an asset. These changes are effective for fiscal years beginning on or after October 1, 2008 with earlier adoption permitted and were adopted by the Fund on January 1, 2009. Adoption of the new standard has had no impact on the financial results of the Fund.

PRONOUNCEMENTS

International Financial Reporting Standards (“IFRS”)

All publically accountable enterprises will be required to report under IFRS for interim and annual periods beginning on or after January 1, 2011. The Fund will fully adopt IFRS effective January 1, 2011. Comparative figures for the year ending December 31, 2010 will be restated to conform to the new provision.

Notes to Interim Consolidated Financial Statements *(unaudited)*
nine months ended September 30, 2009

5. Capital Disclosure

The Fund defines managed capital as cash and cash equivalents, short and long term debt and unit holders equity, which is comprised of issued units, organizational costs, cumulative earnings and comprehensive income and distributions declared. The Fund's objectives in managing capital are primarily to (i) provide a consistent, secure and growing source of cash for distribution to unit holders, (ii) maintain the productive capacity of the Fund, (iii) meet all debt servicing obligations and (iv) fund future expansions and acquisitions. The Fund may raise additional capital from time to time to pursue these objectives by issuing units or incurring additional debt.

	September 30, 2009	December 31, 2008
Liquidity:		
Cash and cash equivalents	10,481,874	12,045,414
Available credit facilities	800,000	2,800,000
Total liquidity	11,281,874	14,845,414
Managed debt		
Term debt	23,744,461	19,332,924
Total managed debt	23,744,461	19,332,924
Equity		
Cumulative earnings and comprehensive income	103,984,350	94,832,772
Balance of equity net of distributions	(47,559,276)	(29,858,422)
Total Equity	56,425,074	64,974,350
Total managed capital	91,451,409	99,152,688

The Fund is subject to a minimum continuing net working capital position by the Alberta Gaming and Liquor Commission.

The Fund's debt facilities are subject to certain covenants as described in Note 11. Throughout the Period, with the exception of the Stampede Joint Venture, all covenants had been met.

The Deerfoot Joint Venture accelerated their debt reduction after considering the markets general adversity towards debt at the present time.

There were no changes to the Fund's overall capital management strategy during the Period.

Notes to Interim Consolidated Financial Statements *(unaudited)*
nine months ended September 30, 2009

6. Financial Instruments

The Fund's activities expose it to certain financial risks. The Fund's risk management program focuses on the unpredictability of financial markets and endeavors to minimize the potential adverse effects on the Funds financial performance. The Fund does not purchase derivative financial instruments for speculative purposes. Material risks are monitored by management.

The Fund's financial instruments and the nature of the risks to which they are, or may be, subject to are set out in the following table

	Risks				
			Market Risks		
Financial asset / liability	Credit	Liquidity	Currency	Interest Rate	Other Price
Cash and cash equivalents	✓		✓		
Restricted cash	✓		✓		
Accounts receivable	✓				
Due to/from related parties	✓				
Revolving credit lines	✓			✓	
Accrued and accounts payable		✓			
Unit holder distributions payable		✓			
Demand loans		✓		✓	✓

<u>Fair value</u>

The fair value of cash and cash equivalents, restricted cash, accounts receivable, revolving credit lines, accounts payable and accrued liabilities, demand loan, due to/from related parties and unit holders distributions payable approximate their carrying value due to the short-term maturities of these instruments.

<u>Foreign Exchange Risk</u>

The Fund operates in Canada. The functional and reporting currency of the Fund is in Canadian dollars. The Fund is exposed, in its normal course of operations, to exchange rate risk from foreign exchange rate fluctuations. Foreign exchange risk arises because a Canadian dollar payable transaction denominated in foreign currencies may vary due to changes in exchange rates at the time the transactions are settled. Any differences in the settled amounts are recorded as part of cost of sales or expenses. Transactions in foreign currencies, mostly USA dollars, are not material. The Fund does not actively manage exposure to foreign exchange risk.

<u>Interest Rate Risk</u>

The Fund's interest rate risk arises primarily from its variable rate debt in the aggregate amount of $23.7 million. This majority of this debt has a floor rate of 4.0%. A minus 1% change in interest rates would have no impact on annual earnings. A plus 1% change in interest rates would have an unfavourable impact on earnings of $59,361.

Notes to Interim Consolidated Financial Statements *(unaudited)*
nine months ended September 30, 2009

6. Financial Instruments (cont.)

Credit Risk

Credit risk arises from cash and cash equivalents held with banks and credit exposure to customers. The Fund, in the normal course of operations, monitors the financial condition of its customers. The Fund does not have significant exposure to any individual customer or counterparty.

Carrying amounts of accounts receivable are reduced on an account specific basis when appropriate. The Fund does not currently carry an allowance for doubtful accounts. Carrying amounts of accounts receivable are reduced by direct write-off to earnings in the period of loss recognition. At the end of the Period, all aged receivables are current within stated credit terms and customer historical payment practices.

Liquidity Risk

Liquidity risk arises from excess financial obligations over available financial assets due at any point in time. The Fund's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet ongoing liquidity requirements. The Fund achieves this by maintaining a conservative payout ratio on regular monthly distributable cash from operations and maintaining sufficient availability from committed debt facilities. The Funds payout ratio on Standardized Distributable Cash since inception is 97.7% and current availability on committed credit facilities is $0.8 million.

During the Period, the Stampede Joint Venture, elected to place itself into voluntary receivership. Unable to negotiate the necessary concessions from its lender and landlord, Management of the Joint Venture determined that continuing to subsidize the operation was not in the best interest of joint venturers. The Fund provided a guarantee to the lender of the Stampede Joint Venture. The maximum exposure to the Fund under this guarantee is $5.0 million which has been charged to income on the Financial Statements during the Period. Management of the Stampede Joint Venture reached a settlement with the lender to the Stampede Joint Venture reducing the amounts payable under the guarantee to $4.6 million which at the end of the Period had been paid by the Fund. Management of the Stampede Joint Venture continues to pursue a formal release from any remaining amounts payable under the guarantee. Financing from a related party was secured to honour payments made under the guarantee (Note 12).

Contractual commitments of the Fund are reported in Note 15.

7. Letters of Credit

The Fund's gaming operations are subject to regulations imposed by the Alberta Gaming and Liquor commission. The Fund has provided letters of credit in favour of Alberta Gaming and Liquor Commission in the amount of $48,000 for the purpose of maintaining liquor licenses.

8. Restricted Cash

Restricted cash consists of progressive jackpot funds. Progressive jackpots are divided into two pots. The first and larger of the two is reserved for the eventual winner of the jackpot. The second is used to seed the next pot after a jackpot is won. The progressive jackpot funds are not available for use in general operations. Included in accounts payable is $35,130 relating to progressive jackpots.

Notes to Interim Consolidated Financial Statements *(unaudited)*
nine months ended September 30, 2009

9. Property, Plant and Equipment

September 30, 2009		Cost		Accumulated Amortization		Net Book Value
Land	$	4,396,206	$	-	$	4,396,206
Land Improvements		1,944,327		193,497		1,750,830
Buildings		25,894,851		5,229,990		20,664,861
Buildings for lease or rent		854,553		233,244		621,309
Leaseholds		2,491,968		933,450		1,558,518
Furniture, fixtures and equipment		6,688,448		4,293,300		2,395,148
	$	42,270,353	$	10,883,481	$	31,386,872

December 31, 2008		Cost		Accumulated Amortization		Net Book Value
Land	$	4,396,206	$	-	$	4,396,206
Land Improvements		1,944,327		165,213		1,779,114
Buildings		26,556,050		4,500,164		22,049,886
Buildings for lease or rent		851,709		209,148		642,561
Leaseholds		2,491,968		733,876		1,758,092
Furniture, fixtures and equipment		6,422,786		3,852,752		2,570,034
	$	42,663,046	$	9,461,153	$	33,201,893

Certain equipment and machines housed on premises of the Fund are provided by and owned by Alberta Gaming and Liquor Commission and have not been included in these financial statements.

10. Income Taxes

<u>Income taxes</u>

Income earned by the Trust as a limited partner of the Limited Partnership is subject to income taxes. The Trust has established a policy to distribute all of its taxable income to unit holders of the Trust so that the Trust will not have any liability for tax under Part I of the Tax Act in any taxation year.

Income earned by the Fund as the sole unit holder of the Trust is subject to income taxes. The Fund has established a policy to distribute all of its taxable income to the unit holders of the Fund so that the Fund will not have any liability for tax under Part I of the Tax Act in any taxation year.

The Fund has not recorded a liability for current income taxes as the Fund does not anticipate taxable income for the year.

<u>Future income taxes</u>

On June 12, 2007 Bill C-52 formalizing the Government of Canada's proposal to tax the distributions of income trusts became law. The new tax effectively treats income trusts as corporations for tax purposes beginning January 1, 2011. Distributions, under the rules, will first be taxed at the Fund level. Future income tax assets and liabilities are based on temporary differences between the tax treatment of assets and liabilities of the Fund and the accounting treatment of assets and liabilities reported on the Fund's financial statements to the extent that these differences will exist at 2011. Future tax is estimated based on assets and liabilities at the end of the Period and the expected combined Federal and Alberta tax rate of 25.0% for 2011.

Notes to Interim Consolidated Financial Statements *(unaudited)*
nine months ended September 30, 2009

10. Income Taxes (cont.)

	Net Value (tax basis)	Net Value (accounting basis)	Temporary Differences
Plant and equipment	21,116,042	27,051,980	5,935,937

11. Loans

The Fund has a $15.0 million demand loan with the Canadian Western Bank ("CWB"). On June 25, 2009 amendments were made to the original commitment letter resulting in an interest rate floor of 4.0%, otherwise, the interest on this loan remains at 1.0% above the CWB Prime Lending Rate. The Fund is making blended monthly principal and interest payments on a $9.0 million segment of the loan amortized over 10 years. $6.0 million of this loan is advanced on a revolving basis. There are no specific debt covenants attached to this loan. Security for the loan includes;

- General security agreement for first charge on Service Plus, Great Northern Casino and the Strip Mall. The Net Book Value of these assets at the end of the Period is $13.0 million
- Demand collateral mortgage first charge on the total loan amount
- Assignment of rents and leases
- Assignment of all risk casualty and liability insurance

The Fund has a 40% Participating Interest Responsibility in the debt facilities of the Deerfoot Joint Venture. The Deerfoot Joint Venture has a demand loan secured by its land and buildings. On June 25, 2009 amendments were made to the original commitment letter resulting in an interest rate floor of 4.0%, otherwise, the interest on this loan remains at 1.0% above the CWB Prime Lending Rate. A segment of this loan is revolving. The Fund's portion of the total outstanding balance of this loan is $6.0 million. The Deerfoot Joint Venture loan has the following financial covenants:

1. Maximum debt to equity ratio of 3.00:1
2. Minimum debt service coverage of 1.25:1

Notes to Interim Consolidated Financial Statements *(unaudited)*

nine months ended September 30, 2009

11. Loans (cont.)

Credit Facilities	September 30, 2009	December 31, 2008
Authorized Maximum Loan amounts		
Demand loan	9,000,000	9,000,000
Revolving credit lines	6,000,000	6,000,000
Deerfoot Joint Venture - demand loan	8,800,000	8,800,000
Deerfoot Joint Venture - demand loan, revolving	800,000	800,000
Demand promissory note	4,100,000	-
Continuing Operations	28,700,000	24,600,000
Discontinued Operations [1]	-	9,000,000
	28,799,000	33,600,000
Outstanding balance		
Demand loan	7,695,178	8,384,641
Revolving credit lines	6,000,000	4,000,000
Deerfoot Joint Venture - demand loan	6,048,283	6,948,283
Deerfoot Joint Venture - demand loan, revolving	-	-
Demand promissory note	4,001,000	-
Continuing Operations	23,744,461	19,332,924
Discontinued Operations [1]	-	8,250,404
	23,744,461	27,583,328
Advances (payments) during the calendar year		
Demand loan	(689,463)	3,084,641
Revolving credit lines	2,000,000	4,000,000
Deerfoot Joint Venture - demand loan	(900,000)	(855,243)
Demand promissory note	4,001,000	-
Continuing Operations	4,411,537	6,229,398
Discontinued Operations [1]	(8,250,404)	8,250,404
	(3,838,867)	14,479,802
Interest rate		
Demand loan	4.00% floor (P +1.00%)	4.00% (P +1.00%)
Revolving credit lines	4.00% floor (P +1.00%)	4.00% (P +1.00%)
Deerfoot Joint Venture - demand loan	4.00% floor (P +1.00%)	4.00% (P +1.00%)
Deerfoot Joint Venture - demand loan, revolving	4.00% floor (P +1.00%)	4.00% (P +1.00%)
Demand promissory note	3.25%	-

[1] The Stampede Joint Venture was placed into voluntary receivership during the Period. As a result, the Fund has no further responsibility for the debt facilities of the Stampede Joint Venture beyond amounts recorded to Financial Statements at the end of the Period.

Notes to Interim Consolidated Financial Statements *(unaudited)*

nine months ended September 30, 2009

12. Related Party Transactions

Related party transactions are measured at the exchange amount which is the amount agreed to by related parties. Related party balances are non-interest bearing with no specific terms of repayment.

The Fund had related party transactions with the persons of David Will and Darcy Will and/or companies owned or controlled by David Will and/or Darcy Will collectively (the "Wills"). Both David Will and Darcy Will are Trustees of the Fund. Together, the Wills control 44.0% of the outstanding units of all unit classes of the Fund. Transactions with the Wills include the following:

- The Fund recorded $716,030 ($693,784 – 2008) of management services expenses during the Period which are included in Human resources expenses. Management fees stipulated in management services agreements are based on a percentage of revenues and/or earnings before interest, taxes depreciation and amortization. At the end of the Period $60,686 ($32,632 - 2008) remained in Accounts payable and $nil ($46,996 – 2008) remained in Due to/from accounts. As Chief Executive Officer and Vice President, David Will and Darcy Will, respectively do not take any salary for their management of the Fund, but are compensated through management services agreements.

- The Fund recorded $18,893 ($52,613 – 2008) of charter aircraft rental expenses during the Period which are included in Operating expenses. At the end of the Period $12,287 ($13,181 – 2008) remained in accounts payable. Travel to the Fund's operational centers of Grande Prairie and Ft. McMurray is made more efficient via charter air services than can be accomplished through commercial carriers.

- The Fund recorded $35,500 ($37,500 – 2008) in Trustee fees during the Period which are included in Human resources expenses. At the end of the Period $5,500 ($nil – 2008) remained in accounts payable.

- The Fund recorded $10,314 ($nil – 2008) in interest charges during the Period which are included in Interest expense. At the end of the Period $10,314 ($nil – 2008) remained in accounts payable. Interest charges arose from receipt of $4,100,000 in loans during the Period. At the end of the Period $4,001,000 ($nil – 2008) remained in Demand loans. The loan is unsecured and has a fixed interest rate of 3.25%. Loan proceeds were used to honour obligations under a guarantee the Fund provided to the lender to the Stampede Joint Venture.

- The Fund recorded $157,791 ($146,348 – 2008) in net shared expenses during the Period which are included in various expenses. At the end of the Period $nil ($87,916 – 2008) remained in Due to/from accounts and $21,156 ($4,571 – 2008) remained in accounts payable.

The Fund recorded $85,500 ($99,852 – 2008) in Trustee fees during the Period paid to other Trustees or companies controlled by other Trustees of the Fund which are included under Human resources expenses. At the end of the Period $29,000 ($19,600 – 2008) remained in accounts payable.

The Fund recorded $16,899 ($84,289 – 2008) in professional and administrative fees during the Period paid to companies controlled by other Trustees of the Fund. At the end of the Period $nil ($nil – 2008) remained in accounts payable.

The Fund recorded $157,500 ($157,500 – 2008) of management services expenses during the Period to other officers which are included under Human resources expenses. Management fees stipulated in management services agreements are based on a flat monthly amount.

Notes to Interim Consolidated Financial Statements *(unaudited)*

nine months ended September 30, 2009

13. Fund Unit Holders Equity

The Fund is authorized to issue an unlimited number of Fund Units. 1,000,000 B Units of the Fund were exchanged into Fund Units during the Period. Otherwise, there were no changes in the number of issued or outstanding Fund Units during the Period. The weighted average of equivalent units outstanding for the Period is equal to the units issued. The Fund did not have any options, warrants, rights or convertible instruments that would be potentially dilutive during the Period.

Fund Units	September 30, 2009			December 31, 2008		
	Units		$'s	Units		$'s
Balance at beginning of period	10,773,153	$	32,018,885	10,773,153	$	32,133,482
Unit class conversions	1,000,000		3,193,434	-		-
Net income			8,368,192			11,453,511
Net income - discontinued operations			(5,369,968)			(503,003)
Distributions			(7,766,749)			(11,065,105)
Balance at end of period	11,773,153	$	30,443,794	10,773,153	$	32,018,885

14. Minority Unit Holders Equity

The Limited Partnership is authorized to issue an unlimited number of Class B Limited Partnership Units. 1,000,000 B Units of the Fund were exchanged into Fund Units during the Period. Otherwise, there were no changes in the number of Class B Limited Partnership Units issued or outstanding during the Period.

14. Minority Unit Holders Equity	September 30, 2009			December 31, 2008		
	Units		$'s	Units		$'s
Balance at beginning of period	10,334,400	$	32,955,463	10,334,400	$	33,065,390
Unit class conversions	(1,000,000)		(3,193,434)	-		-
Minority interest			6,634,761			10,987,050
Minority interest - discontinued operations			(4,257,606)			(482,516)
Distributions			(6,157,904)			(10,614,461)
Balance at end of period	9,334,400	$	25,981,280	10,334,400	$	32,955,463

Notes to Interim Consolidated Financial Statements *(unaudited)*
nine months ended September 30, 2009

15. Commitments

Deerfoot Joint Venture

The Fund has a 47.75% Contributing Interest Responsibility to the Deerfoot Joint Venture for any capital requirements. All current capital requirements of the Deerfoot Joint Venture have been satisfied. There were no requests for capital made by the Deerfoot Joint Venture during the Period.

Stampede Joint Venture

The Fund, through its wholly owned subsidiary 1363840 Alberta Ltd (the "Subsidiary"), had a 23% Contributing Interest Responsibility to the Stampede Joint Venture for any capital requirements. The Stampede Joint Venture placed itself into voluntary receivership on August 17, 2009. As a result, the Fund had no further commitments to the Stampede Joint Venture from that point forward. Prior to placement into voluntary receivership, $221,610 was contributed by the Fund to the Stampede Joint Venture for cash calls during the Period.

Management Agreements

On June 1, 2003 the Fund entered into a management services agreement with Gamehost Management Inc. The management agreement stipulates that Gamehost Management Inc. is entitled to a percentage of any earnings before interest, taxes, depreciation and amortization of the Fund.

On April 26, 2005 the Deerfoot Joint Venture entered into a management services agreement with 1016312 Alberta Ltd. The management agreement stipulates that 1016312 Alberta Ltd is entitled to a percentage of the gross revenues plus a percentage of any earnings before interest, taxes, depreciation and amortization of the Deerfoot Joint Venture.

On January 1, 2007, the Fund entered into a management services agreement with 1068802 Alberta Ltd. The management agreement stipulates a fixed rate for site operational management for the Fund's Chief Operating Officer.

Other Commitments

The Fund has certain commitments for equipment, services and premises rent including the Funds Participating Interest Responsibility in commitments of joint ventures. At the end of the Period these commitments were:

Operating Leases and service contracts	2009	2010	2011	2012	2013	Thereafter
	449,137	1,528,817	1,498,725	974,365	799,408	6,403,102

Notes to Interim Consolidated Financial Statements *(unaudited)*
nine months ended September 30, 2009

16. Guarantees

The Fund has entered into indemnification agreements with current Trustees to indemnify them, to the extent permitted by law, against any and all charges, costs, expenses, amounts paid in settlement and damages incurred by the Trustees and officers as a result of any lawsuit, or any judicial, administrative or investigative proceeding in which the Trustees and officers are sued as a result of their service. These indemnification claims will be subject to any statutory or other legal limitation period. The nature of the indemnification agreements prevents management from making a reasonable estimate of the maximum potential amount the Fund could be required to pay counterparties. The Fund has purchased directors' and officers' liability insurance.

The Fund provided an $11.46 million unsecured limited liability guarantee to the Deerfoot Joint Venture to indemnify it in the event the Deerfoot Joint Venture does not perform its contractual obligations. At the end of the Period, the maximum potential liability under this guarantee was $6.0 million. The Fund has not recorded a liability with respect to this guarantee, as the Fund does not expect to make any payments in excess of what is recorded on the Financial Statements for the aforementioned items. The Fund has not charged a fee to the Deerfoot Joint Venture in regards to this guarantee. No specific assets have been provided as security.

The Fund provided a $5.0 million unsecured limited liability guarantee to the lender to the Stampede Joint Venture to indemnify it in the event contractual obligations of the Stampede Joint Venture were not performed. The Fund did not charge a fee to the Stampede Joint Venture in regards to this guarantee. With placement of the Stampede Joint Venture into voluntary receivership on August 17, 2009, the Fund recorded a liability for the full amount of the guarantee. Management of the Stampede Joint Venture negotiated a reduction to the full amount of the guarantee provided that agreed upon payments were made by stipulated dates. The Fund has honoured these negotiated conditions. $449,000 remains in accrued liabilities pending formal release from the guarantee by the Stampede Joint Venture's lender.

17. Investment in Joint Ventures

The following financial statements report the Fund's proportionate share (Participating Interest) in the Deerfoot Joint Venture's assets, liabilities, revenues and expenses and net income, and cash flows resulting from operating, financing and investing activities.

<u>Deerfoot Joint Venture</u>

The Fund has a 40% Participating Interest Responsibility and a 47.75% Contributing Interest Responsibility in Deerfoot Inn & Casino Inc., a Joint Venture, which operates Deerfoot Inn & Casino in Calgary, Alberta.

The Fund is severally liable for all obligations of the Deerfoot Joint Venture in proportion to its Participating Interest Responsibility or Contributing Interest Responsibility as the case may be. All Deerfoot Joint Venture partners are contingently liable for obligations of the Deerfoot Joint Venture in situations where other Deerfoot Joint Venture partners are in default as defined by the Deerfoot Joint Venture Agreement.

All of the assets of the Deerfoot Joint Venture are available for the purpose of satisfying any such obligation. No provision for any contingent amount payable has been accrued to these financial statements.

Notes to Interim Consolidated Financial Statements *(unaudited)*
nine months ended September 30, 2009

17. Investment in Joint Ventures (cont.)

Participating Interest of the Fund in Joint Ventures
Balance Sheets
(unaudited)

	September 30, 2009		Audited December 31, 2008	
Assets				
Cash and cash equivalents	$	3,495,900	$	4,628,775
Other current assets		484,849		593,605
Property, plant & equipment		14,270,084		14,757,963
	$	18,250,833	$	19,980,343
Liabilities and unit holder equity				
Current liabilities:	$	6,823,493	$	7,723,766
Joint venture equity		11,427,340		12,256,577
	$	18,250,833	$	19,980,343

Participating Interest of the Fund in Joint Ventures
Statements of Operations and Cash Flows
(unaudited)

	nine months ended September 30			
	2009		2008	
Revenue	$	11,703,573	$	12,992,552
Expenses		7,263,976		8,069,845
Income before the following:		4,439,597		4,922,707
Interest charges		184,371		347,484
Amortization of property, plant and equipment		547,123		627,599
Net earnings	$	3,708,103	$	3,947,623
Cash provided by operating activities		4,363,709		4,290,285
Cash used for financing activities		(5,440,000)		(6,115,208)
Cash used for investing activities		(56,584)		(52,839)
Decrease in cash and cash equivalents		(1,132,8745)		(1,877,762)
Opening cash and cash equivalents		4,628,775		5,705,123
Closing cash and cash equivalents	$	3,495,900		3,827,361

<u>Stampede Joint Venture</u>

The Stampede Joint Venture is reported as discontinued operations (note 18)

Notes to Interim Consolidated Financial Statements *(unaudited)*

nine months ended September 30, 2009

18. Discontinued Operations

The Fund's investment in the Stampede Joint Venture was made through 1363840 Alberta Ltd (the "Subsidiary"). The Subsidiary was created for the sole purpose of investing in the Stampede Joint Venture. The Subsidiary pledged its participating interest, being 20%, in the Stampede Joint Venture as collateral. The Fund's invested capital totaled $5.6 million being the funds contributed under the Subsidiary's Contributing Interest Responsibility.

The Fund's 20% participating interest in the Stampede Joint Venture resulted in accumulated operating losses since opening of $1.65 million including $0.7 million in the Period.

Management of the Stampede Joint Venture elected for a voluntary receivership and on August 17, 2009, assets of the Stampede Joint Venture were transferred to the receiver. On the transfer, a loss on the sale of assets of $3.9 million was charged against net income.

The Fund had also provided a guarantee to the Stampede Joint Venture lender of $5.0 million which has been recorded as a charge against income. Following the receivership, management was able to negotiate a discount to the guarantee in exchange for expeditious payment. The Fund paid a total of $4.6 million on the guarantee during the Quarter. The remaining $449,000 in loss will be reversed pending official release by the Stampede Joint Venture's lender.

All tolled, The Fund recorded losses and charges related to the Stampede Joint Venture of $10.5 million during the fourteen months it was operated. The Fund has no further responsibilities in connection with the Joint Venture. All applicable obligations have been recorded to the financial statements at the end of the Period. In the Fund's interim financial statements the Stampede Joint Venture is identified as discontinued operations and reported separately from the Fund's other operating assets.

Discontinued Operations
(unaudited)

				Audited
	September 30, 2009		December 31, 2008	
Assets				
Cash and cash equivalents	$	-	$	890,315
Other current assets		-		153,789
Property, plant & equipment		-		11,473,837
	$	-	$	12,517,941
Liabilities and equity				
Current liabilities	$	-	$	8,572,723
Capital Leases		-		52,922
Fair value adjustments on financial assets and liabilities		-		189,495
Joint venture equity		-		3,702,801
	$	-	$	12,517,941

Notes to Interim Consolidated Financial Statements *(unaudited)*

nine months ended September 30, 2009

18. Discontinued Operations

Discontinued Operations

Statements of Operations and Cash Flow

(unaudited)

	nine months ended September 30		three months ended September 30	
	2009	2008	2009	2008
Revenue	$ 2,422,417	$ 1,233,224	$ 517,814	$ 1,069,438
Operating expenses	2,893,900	1,653,248	561,067	1,312,923
(Gain) Loss on sale of assets	3,965,696	-	(1,642,058)	-
Interest charges	190,397	75,070	9,453	75,070
Financing charges	5,000,000	-	5,000,000	-
Unrealized loss on fair valuation of financial assets and liabilities	-	-	46,062	-
Earnings allocation to minority interest	(4,257,606)	(242,401)	(1,236,309)	(155,967)
Net earnings	$ (5,369,970)	$ (252,693)	$ (2,220,400)	$ (162,588)
Cash provided by (used for) operating activities	(4,233,236)	(506,845)	(4,056,169)	(106,717)
Cash provided by (used for) financing activities	(3,353,980)	13,024,678	3,386,406	2,237,131
Cash provided by (used for) investing activities	(11,058)	(11,524,000)	(10,977)	(1,833,417)
Increase (decrease) in cash and cash equivalents	(890,315)	993,833	(680,740)	296,997
Opening cash and cash equivalents	890,315	-	680,740	696,836
Closing cash and cash equivalents	$ -	$ 993,833	$ -	$ 993,833

Notes to Interim Consolidated Financial Statements *(unaudited)*
nine months ended September 30, 2009

19. Subsequent Events

The Fund declared a regular monthly distribution of $0.0733 per unit for October 2009. The October distribution is payable November 16, 2009.