

**PABINEAU FIRST NATION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2023**

PABINEAU FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2023

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PABINEAU FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2023

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

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

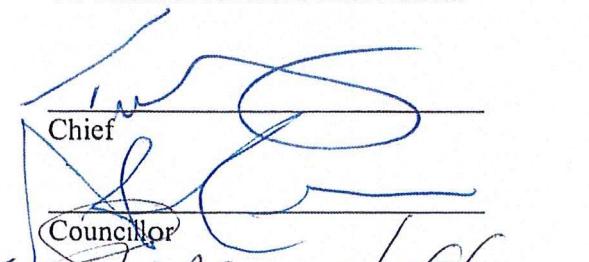
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

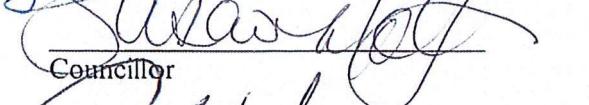
Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated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

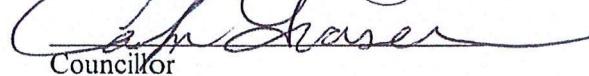
The external auditors, Lenehan McCain & Associates, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Pabineau First Nation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

On behalf of Pabineau First Nation:

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Councillor

  
\_\_\_\_\_  
Councillor

  
\_\_\_\_\_  
Councillor

18 Sept 2023  
Date

Sept 18, 2023  
Date

Sept 18, 2023  
Date

Sept 18, 2023  
Date

## **Independent Auditor's Report**

To the Chief, Council and Members of  
Pabineau First Nation

### *Opinion*

We have audited the consolidated financial statements of Pabineau First Nation, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations and accumulated surplus, change in net financial assets, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2023, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Leanne McCain + Associates*  
Chartered Professional Accountants

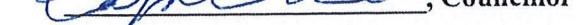
Woodstock, New Brunswick

September 18, 2023

PABINEAU FIRST NATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2023

	2023	2022
<b>Financial Assets</b>		
Cash (Note 3)	\$ 11,238,867	\$ 14,625,946
Accounts receivable (Note 4)	3,434,567	2,411,592
Trust funds held by Federal Government (Note 20)	45,484	44,121
Long-term investment (Note 5)	768,696	844,060
Loan receivable (Note 16)	71,532	71,532
Residential lease agreements receivable (Note 21)	40,800	48,000
Inventory (Note 17)	232,517	280,732
	<hr/> 15,832,463	<hr/> 18,325,983
<b>Liabilities</b>		
Accounts payable (Note 6)	14,755	625,482
Deferred revenue (Note 11)	598,897	2,655,683
Deferred revenue - ISC funding (Note 11)	-	1,489,751
Long-term debt (Note 7)	21,389	32,425
	<hr/> 635,041	<hr/> 4,803,341
<b>Net financial assets</b>	<hr/> 15,197,422	<hr/> 13,522,642
<b>Non-financial Assets</b>		
Tangible capital assets (Note 12)	18,543,318	11,089,025
Prepaid expenses (Note 9)	218,457	195,532
	<hr/> 18,761,775	<hr/> 11,284,557
<b>Accumulated Surplus</b>	<hr/> \$ 33,959,197	<hr/> \$ 24,807,199

Approved on behalf of the Pabineau First Nation

 , Chief  
 , Councillor  
 , Councillor  
 , Councillor

The accompanying notes are an integral part of the financial statements

PABINEAU FIRST NATION  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED MARCH 31, 2023

	2023 Budget	2023 Actual	2022 Actual
<b>Surplus (deficit)</b>	<b>\$ 1,162,617</b>	<b>\$ 9,151,998</b>	<b>\$ 3,635,221</b>
Acquisition of tangible capital assets	-	(8,478,890)	(2,901,696)
Amortization of tangible capital assets	600,000	651,128	563,823
Proceeds on sale of TCAs	-	188,485	-
Loss on sale of TCAs	-	184,984	-
	<b>600,000</b>	<b>(7,454,293)</b>	<b>(2,337,871)</b>
Change in prepaid expenses	-	(22,925)	(86,236)
Increase in net financial assets	1,762,617	1,674,780	1,211,114
Net financial assets at beginning of year	<b>13,522,642</b>	<b>13,522,642</b>	<b>12,311,528</b>
<b>Net financial assets at end of year</b>	<b>\$ 15,285,259</b>	<b>\$ 15,197,422</b>	<b>\$ 13,522,642</b>

The accompanying notes are an integral part of the financial statements

PABINEAU FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED MARCH 31, 2023

	2023 Budget	2023 Actual	2022 Actual
<b>Revenue</b>			
Indigenous Services Canada	\$ 3,258,917	\$ 7,858,807	\$ 5,622,585
Health Canada	600,000	626,579	624,018
Department of Fisheries and Oceans	313,000	227,309	283,838
Seafood Market & Takeout	195,000	224,349	186,524
Pabineau Gas Bar & Smoke Shop	4,800,000	3,898,354	4,873,406
Other	2,552,500	6,641,915	2,979,950
	<b>11,719,417</b>	<b>19,477,313</b>	14,570,321
<b>Expenditures</b>			
Administration	1,535,800	2,040,744	1,770,447
Community operations	450,000	454,465	672,754
Education	835,000	927,606	904,131
Social development	360,000	265,161	251,178
Health	600,000	611,345	558,620
Community job creation	150,000	84,326	78,143
Fisheries	493,000	822,130	541,011
Capital housing	513,000	78,301	245,342
Seafood Market & Takeout	220,000	257,858	223,623
Pabineau Gas Bar & Smoke Shop	3,800,000	3,133,634	4,015,144
Trucking	1,000,000	998,617	1,110,884
	<b>9,956,800</b>	<b>9,674,187</b>	10,371,277
<b>Surplus before other income</b>	<b>1,762,617</b>	<b>9,803,126</b>	4,199,044
<b>Other income</b>			
Amortization	(600,000)	(651,128)	(563,823)
<b>Surplus (deficit)</b>	<b>1,162,617</b>	<b>9,151,998</b>	<b>3,635,221</b>
<b>Accumulated surplus at beginning of year</b>	<b>24,807,199</b>	<b>24,807,199</b>	21,171,978
<b>Accumulated surplus at end of year</b>	<b>\$ 25,969,816</b>	<b>\$ 33,959,197</b>	<b>\$ 24,807,199</b>

The accompanying notes are an integral part of the financial statements

PABINEAU FIRST NATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
<b>Cash flows from</b>		
<b>Operating activities</b>		
Surplus	\$ 9,151,998	\$ 3,635,221
Items not affecting cash	651,128	563,823
Amortization expense	184,984	-
Loss on sale of tangible capital assets	9,988,110	4,199,044
Change in non-cash operating working capital		
Accounts receivable	(1,022,975)	(693,553)
Inventory	48,215	97,507
Prepaid expenses	(22,925)	(86,236)
Trust funds held by Federal Government	(1,363)	(833)
Accounts payable	(610,726)	284,479
Deferred revenue	(2,056,786)	2,089,503
Deferred revenue - ISC funding	(1,489,751)	815,906
	4,831,799	6,705,817
<b>Capital activities</b>		
Acquisition of tangible capital assets	(8,478,890)	(2,901,696)
Proceeds on sale of tangible capital assets	188,485	-
	(8,290,405)	(2,901,696)
<b>Financing activities</b>		
Repayment of long-term debt	(11,036)	(7,575)
<b>Investing activities</b>		
Decrease (increase) in investment in Oinpegitjoig Wind GP Ltd.	75,363	(855)
Decrease in residential lease agreements receivable	7,200	9,300
	82,563	8,445
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(3,387,079)</b>	<b>3,804,991</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>14,625,946</b>	<b>10,820,955</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 11,238,867</b>	<b>\$ 14,625,946</b>

The accompanying notes are an integral part of the financial statements

**PABINEAU FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**1. Reporting Entity**

The consolidated financial statements of Pabineau First Nation reflects the assets, liabilities, revenues, expenditures, changes in net financial assets and accumulated surplus of the reporting entity. The reporting entity is comprised of the organizations accountable for the administration of their affairs and resources to the Chief and Council and controlled by the First Nation including Pabineau Seafood Market and Takeout, as well as Pabineau Gas Bar and Tobacco Shop and Pabineau Trucking.

**2. Basis of Presentation and Significant Accounting Policies**

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of CPA Canada.

**(a) Cash**

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

**(b) Net financial assets**

The First Nation's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets is comprised of two components, non-financial assets and accumulated surplus.

**(c) Revenue recognition**

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

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

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

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

Revenue at the Seafood Market and Gas Bar is recognized at the point of sale to a customer.

Trucking revenue is recorded when the related service has been performed.

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## PABINEAU FIRST NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

#### **2. Basis of Presentation and Significant Accounting Policies (continued)**

##### **(d) Tangible capital assets**

Tangible capital assets (TCAs) are items that can be physically touched, are used to provide First Nation services, are used for First Nation administration purposes or are used for the construction and/or maintenance of other TCAs owned by the First Nation, will be useful for a period greater than one year and will be used by the First Nation on a regular basis.

Certain tangible capital assets, including but not limited to roads and infrastructure, have been recorded at a nominal amount of \$1 as specific historical data was not available. Whereas all such assets are amortized over a period not longer than twenty-five years, it is management's opinion that all assets acquired prior to 1998 would now be fully amortized.

Tangible capital assets are recorded at cost, which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset, and are amortized on the declining balance method over their estimated useful lives. Amortization begins in the year acquired. Current descriptions and useful lives are as follows:

Buildings	4 %
Automotive equipment	30-40%
Computer equipment	30 %
Furniture and equipment	20 %
Equipment	20 %
Roads and paving	8%
Water system and reservoir	4 %
Boats	15 %

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

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

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

##### **(e) Expense Recognition**

Expenses are recorded on the accrual basis as they are incurred and measurable based on receipt of goods or services and obligation to pay.

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**PABINEAU FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**2. Basis of Presentation and Significant Accounting Policies (continued)**

**(f) Use of estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed periodically and are reported in surplus (deficit) in the period in which they become known. Actual results could differ from those estimates.

**(g) Asset Classification**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventories of supplies.

**(h) Segment Disclosure**

The financial statements of Pabineau First Nation provide supporting schedules which are established by program based on government funding provided. The various programs have been amalgamated for the purpose of presentation in the consolidated financial statements. Details of the operations of each program are set out in the supplementary schedules for management information purposes.

**(i) Financial instruments**

The First Nation's financial instruments consist of cash, accounts receivable, accounts payable, deferred revenue and long-term debt. Unless otherwise noted it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks.

**(j) Inventory**

Inventory represents goods available for resale. These goods are recorded at the lower of cost and net realizable value with cost recorded using the First-In First-Out (FIFO) method.

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**PABINEAU FIRST NATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2023**

**2. Basis of Presentation and Significant Accounting Policies (continued)**

**(k) Intangible assets**

The First Nation owns fishing licenses which are not recognized on the consolidated statement of financial position as they were acquired prior to the change in accounting standards. Future acquisition of such licenses will be recognized on the statement of financial position.

**(l) Investments**

Investments including limited partnership interests are accounted for using the modified equity method.

**3. Cash**

Cash and cash equivalents is comprised of the following:

	<b>2023</b>	2022
Bank balances and short-term investments	\$ 11,236,367	\$ 14,623,446
Petty cash	2,500	2,500
	<b>\$ 11,238,867</b>	<b>\$ 14,625,946</b>

**4. Accounts receivable**

	<b>2023</b>	2022
Indigenous Services Canada	\$ 2,847,026	\$ 1,512,900
Province of New Brunswick	209,051	346,403
Department of Fisheries and Oceans	104,694	98,044
North Shore MicMac District Council	71,662	82,518
Other	202,134	137,823
Trucking	-	233,904
	<b>\$ 3,434,567</b>	<b>\$ 2,411,592</b>

PABINEAU FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

**5. Long-term investment**

	2023	2022
<b>Oinpegitjoig Wind GP Ltd.</b>	<b>\$768,696</b>	<b>\$844,060</b>
Balance, beginning of year	51% share of 2022 year net income	Distributions received
\$ 844,060	\$ 275,108	\$ (350,472)
	<b>\$ 768,696</b>	

On February 22, 2018 the First Nation signed a limited partnership agreement with Natural Forces NB Inc. to establish the formation of Oinpegitjoig Wind GP Ltd. The partnership's most recent audited financial statements for the year ended December 31, 2022, prepared by another CPA firm, include total liabilities of approximately \$6,807,000 and a partner's equity balance of approximately \$1,507,000.

**6. Accounts payable**

	2023	2022
Trade	\$ 48,471	\$ 452,336
HST payable (receivable)	(62,986)	130,189
Payroll withholding taxes / pension contributions	29,270	37,691
Accrued liabilities	-	5,266
	<b>\$ 14,755</b>	<b>\$ 625,482</b>

**7. Long-term debt**

	2023	2022
Ulnooweg Development Group Emergency Loan Program, 0% loan with \$20,000 forgivable, repayable \$811 monthly starting July 2021 and an additional \$278 monthly starting March 2022	\$ 21,389	\$ 32,425
Current portion	21,389	13,068
	<b>\$ -</b>	<b>\$ 19,357</b>

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PABINEAU FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2023

**8. Contingent Liabilities**

Pabineau First Nation has entered into contribution agreements with various federal and provincial government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Pabineau First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Pabineau First Nation's financial statements.

Pabineau's 51% partnership interest in Oinpegitjoig Wind GP Ltd. partnership may subject the First Nation to certain risks or potential liabilities. Pabineau senior management are not aware of any liability issues as at September 5, 2023. (See Note 5)

**9. Prepaid expenses**

	2023	2022
Tuition	<u>\$ 218,457</u>	<u>\$ 195,532</u>

**10. Comparative Amounts**

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period with no changes to the accumulated surplus.

**11. Deferred revenue**

The deferred revenue is comprised of:

	2023	2022
2021-22 - Indigenous Services Canada (pg. 30)	\$ -	\$ 1,489,751
Health Canada	<u>210,172</u>	194,543
Mi'gmaq Child and Family Services Agency of NB Inc.	<u>388,725</u>	410,625
CMHC Rapid Housing	<u>-</u>	2,050,515
	<u><u>\$ 598,897</u></u>	<u><u>\$ 4,145,434</u></u>

PABINEAU FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

**12. Tangible Capital Assets**

**Cost**

	Balance, beginning of year	Additions	Disposals	Balance, end of year	beginning of year	Amortization	Balance, end of year	Accumulated amortization on disposals	2023 net book value
Land	\$ 678,557	\$ -	\$ -	\$ 678,557	\$ -	\$ -	\$ -	\$ -	\$ 678,557
Buildings	4,039,803	3,561,058	-	7,600,861	1,017,237	192,124	-	1,209,361	6,391,500
Automotive equipment	1,509,114	232,610	-	1,741,724	1,222,930	120,750	-	1,343,680	398,044
Computer equipment	92,052	1,569	-	93,621	89,612	968	-	90,580	3,041
Furniture and equipment	87,296	3,419	-	90,715	81,944	1,412	-	83,356	7,359
Equipment	1,009,132	4,505	-	1,013,637	377,974	126,682	-	504,656	508,981
Roads and paving	478,142	218,530	-	696,672	331,094	20,505	-	351,599	345,073
Assets under construction	1,297,938	4,457,199	-	5,755,137	-	-	-	-	5,755,137
Paintings	1,600	-	-	1,600	-	-	-	-	1,600
Water system and reservoir	6,948,751	-	-	6,948,751	2,333,117	184,625	-	2,517,742	4,431,009
Boats	901,000	-	(475,000)	426,000	500,452	4,062	(101,531)	402,983	23,017
	<b>\$ 17,043,385</b>	<b>\$ 8,478,890</b>	<b>\$ (475,000)</b>	<b>\$ 25,047,275</b>	<b>\$ 5,954,360</b>	<b>\$ 651,128</b>	<b>\$ (101,531)</b>	<b>\$ 6,503,957</b>	<b>\$ 18,543,318</b>

PABINEAU FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

	Cost			Accumulated amortization			
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Amortization	Balance, end of year	2022 Net book value
Land	\$ 678,557	\$ -	\$ -	\$ 678,557	\$ -	\$ -	\$ 678,557
Buildings	3,037,701	1,002,102	-	4,039,803	912,174	105,063	3,022,566
Automotive equipment	1,509,114	-	-	1,509,114	1,087,375	135,555	286,184
Computer equipment	92,052	-	-	92,052	88,567	1,045	2,440
Furniture and equipment	87,296	-	-	87,296	80,606	1,338	5,352
Equipment	407,476	601,656	-	1,009,132	351,797	26,177	377,974
Roads and paving	478,142	-	-	478,142	299,454	31,640	331,094
Assets under construction	-	1,297,938	-	1,297,938	-	-	1,297,938
Paintings	1,600	-	-	1,600	-	-	1,600
Water system and reservoir	6,948,751	-	-	6,948,751	2,140,799	192,318	4,615,634
Boats	901,000	-	-	901,000	429,767	70,685	500,452
	\$ 14,141,689	\$ 2,901,696	\$ -	\$ 17,043,385	\$ 5,390,539	\$ 563,821	\$ 11,089,025

Assets under construction (Vanier Development) will be amortized once the assets are in use.

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**13. Financial Instrument Risks and Uncertainties**

The First Nation is exposed to the following risks in respect of certain of the financial instruments held:

**Credit risk**

The financial instruments that potentially subject the First Nation to a significant concentration of credit risk consist primarily of cash and accounts receivable.

The First Nation maintains cash balances with Canadian chartered banks which is insured by the Canada Deposit Insurance Corporation up to CDN \$100,000. These balances exceed the federally insured limits and expose the First Nation to credit risk from concentration of cash. The First Nation limits this risk by transacting with reputable financial institutions.

The First Nation does have credit risk in accounts receivable \$3,434,567 (2022 - \$2,411,592). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The First Nation reduces its exposure to credit risk by performing valuations on a regular basis and creating an allowance for bad debts when applicable. The First Nation derives substantially all of its revenues and therefore, accounts receivable, from government sources. In the opinion of management, the credit risk exposure to the First Nation is low.

**Liquidity risk**

The First Nation does have liquidity risk in accounts payable and accrued liabilities of \$14,755 (2022 - \$625,482). Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains a responsible cash position. In the opinion of management, the liquidity risk exposure to the First Nation is low.

**14. Economic Dependence**

Pabineau First Nation receives a significant portion of its revenue pursuant to funding arrangements with Indigenous Services Canada and other federal government departments.

**15. Budgeted figures**

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

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**16. Loan Receivable**

The First Nation is of the opinion that this amount will be collected. Although there are no set terms of repayment, council will use all means necessary and deemed appropriate to collect this loan receivable. The loan is unsecured and non-interest bearing.

	2023	2022
Balance, beginning of year	\$ 71,532	\$ 71,532
Balance, end of year	<u>\$ 71,532</u>	<u>\$ 71,532</u>

**17. Inventory**

	2023	2022
Seafood Market	\$ 1,000	\$ 1,000
Gas Bar - fuel	39,998	39,904
Gas Bar - tobacco	187,627	234,152
Gas Bar - convenience store	3,892	5,676
	<u>\$ 232,517</u>	<u>\$ 280,732</u>

**18. Expenses by object**

	2023	2022
Wages and benefits	\$ 2,417,299	\$ 2,327,837
Cost of goods sold	3,056,385	3,945,698
Materials, programs and supplies	269,226	431,145
Travel and training	290,754	128,976
Social development	226,990	214,778
Tuition and post-secondary costs	707,745	685,611
Repairs and maintenance	445,980	888,142
Interest and bank charges	44,284	34,485
Professional services	57,354	128,012
Utilities	421,399	368,825
Other	1,736,771	1,217,768
Amortization	<u>651,128</u>	<u>563,823</u>
	<u><u>\$ 10,325,315</u></u>	<u><u>\$ 10,935,100</u></u>

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**19. Annual Surplus Net of Capital Related Revenues and Amortization**

	2023	2022
Annual surplus (deficit)	\$ 9,151,998	\$ 3,635,221
Less capital related revenues included in annual surplus:		
Federal government transfers for capital	(8,489,598)	(4,000,674)
Add amortization expense included in annual surplus	651,128	563,823
	<u>(7,838,470)</u>	<u>(3,436,851)</u>
Annual surplus (deficit) net of capital related revenues and amortization	<u>\$ 1,313,528</u>	<u>\$ 198,370</u>

**20. Trust Funds Held by Federal Government**

The funds on deposit with ISC arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Section 62 to 69 of the Indian Act.

	March 31, 2022	Additions (Interest)	Withdrawals	March 31, 2023
Revenue	\$ 43,972	\$ 1,363	\$ -	\$ 45,335
Capital	149	-	-	149
	<u>\$ 44,121</u>	<u>\$ 1,363</u>	<u>\$ -</u>	<u>\$ 45,484</u>

**21. Residential lease agreements receivable**

The First Nation has entered into residential lease agreements with two community members for consideration of \$30,000 each, with an option to purchase at the end of each agreement. Monthly rent amounts are \$300 for each agreement with standard terms and conditions that apply to normal agreements between landlords and tenants.

	2023	2022
Opening balance	\$ 48,000	\$ 57,300
Amounts repaid	(7,200)	(9,300)
Ending balance	<u>\$ 40,800</u>	<u>\$ 48,000</u>