
PAUINGASSI FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

PAUINGASSI FIRST NATION

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MARCH 31, 2015

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Pauingassi First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

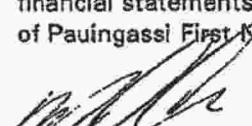
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of Canadian Institute of Chartered Accountants. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

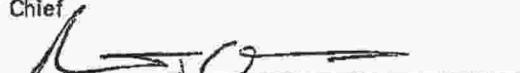
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

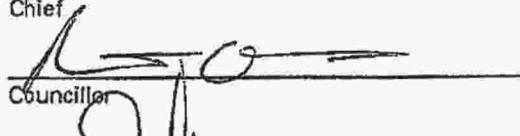
Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

Chief and 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 auditors' report.

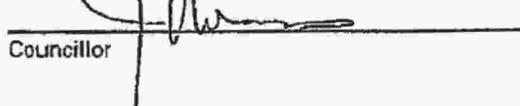
The external auditors, Collins Barrow HMA LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Pauingassi First Nation and meet when required.


Chief


Councillor


Councillor


Councillor


Councillor


Councillor

INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership
Pauingassi First Nation

T. 204.989.2229
F. 204.944.9923
TF. 1.866.730.4777

www.collinsbarrow.com

We have audited the accompanying consolidated financial statements of Pauingassi First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Pauingassi First Nation as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba
August 27, 2015

Collins Barrow HMA LLP
CHARTERED ACCOUNTANTS

PAUINGASSI FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2015

2014

(Restated)

FINANCIAL ASSETS

| | | |
|------------------------------|------------------|------------------|
| Cash | \$ 74,888 | \$ 11,536 |
| Restricted cash (Note 3) | 41,483 | 30,666 |
| Accounts receivable (Note 4) | 118,608 | 128,418 |
| Inventory (Note 5) | 88,589 | 155,491 |
| Investments (Note 6) | <u>3,462,829</u> | <u>3,568,259</u> |
| Total financial assets | <u>3,786,397</u> | <u>3,894,370</u> |

LIABILITIES

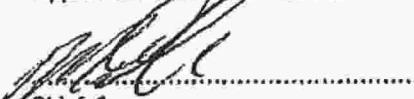
| | | |
|---|------------------|------------------|
| Accounts payable and accrued liabilities (Note 7) | 646,670 | 878,882 |
| Long term debt (Note 8) | <u>3,561,403</u> | <u>3,539,751</u> |
| Total liabilities | <u>4,208,073</u> | <u>4,418,633</u> |
| Net debt | (421,676) | (524,263) |

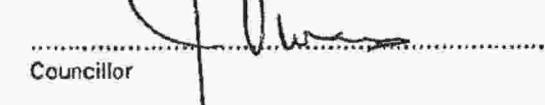
NON-FINANCIAL ASSETS

| | | |
|----------------------------|-------------------|-------------------|
| Capital assets (Note 9) | 31,069,559 | 32,016,022 |
| Construction in progress | | 122,000 |
| Prepaid expenses | <u>152,129</u> | <u>99,783</u> |
| Total non-financial assets | <u>31,221,688</u> | <u>32,237,805</u> |
| Accumulated surplus | \$ 30,800,012 | \$ 31,713,542 |

Contingent liabilities (Note 10)

Approved on behalf of Council


Chief

Councillor

Councillor

Councillor

Councillor

Councillor

 Collins Barrow

PAUINGASSI FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

| | | YEAR ENDED MARCH 31 | |
|--|-----------------------|----------------------|----------------------|
| | BUDGET (UNAUDITED) | 2015 | 2014 (Restated) |
| REVENUE | | | |
| Aboriginal Affairs and Northern Development Canada | \$ 3,545,184 | \$ 4,104,395 | \$ 3,984,317 |
| First Nations and Inuit Health Branch | 872,745 | 976,500 | 805,770 |
| Canada Mortgage and Housing Corporation | 137,307 | 153,987 | 136,473 |
| Solicitor General | 39,063 | 39,063 | 39,063 |
| Band generated revenue | 706,000 | 693,754 | 1,107,001 |
| Other | 442,509 | 570,709 | 954,473 |
| Rental | 74,800 | 258,975 | 128,580 |
| Provincial funding | <u>208,632</u> | <u>193,311</u> | <u>188,217</u> |
| | <u>6,026,240</u> | <u>6,990,694</u> | <u>7,343,894</u> |
| EXPENSES | | | |
| Governance and administration | 619,060 | 932,369 | 912,398 |
| Social assistance | 1,384,893 | 1,648,943 | 1,592,635 |
| Education | 1,328,505 | 1,741,978 | 1,967,765 |
| Operations and maintenance | 419,551 | 682,985 | 711,657 |
| Capital and housing | 480,561 | 734,389 | 753,365 |
| Training and employment | 80,166 | 89,177 | 66,135 |
| Health | 1,042,696 | 1,143,016 | 1,109,821 |
| Band funds | <u>522,000</u> | <u>931,367</u> | <u>1,118,604</u> |
| | <u>5,877,432</u> | <u>7,904,224</u> | <u>8,232,380</u> |
| ANNUAL DEFICIT | 148,808 | (913,530) | (888,486) |
| ACCUMULATED SURPLUS, <i>beginning of year</i> <i>as restated (Note 2)</i> | <u>31,531,376</u> | <u>31,713,542</u> | <u>32,602,028</u> |
| ACCUMULATED SURPLUS, <i>end of year</i> | <u>\$ 31,680,184</u> | <u>\$ 30,800,012</u> | <u>\$ 31,713,542</u> |

PAUINGASSI FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

| | | YEAR ENDED MARCH 31 | |
|--|-----------------------|---------------------|--------------------|
| | BUDGET (UNAUDITED) | 2015 | 2014 (Restated) |
| Annual deficit | \$ 148,808 | \$(913,530) | \$(888,486) |
| Acquisition of capital assets | | (437,741) | (1,755,956) |
| Amortization of capital assets | | 1,384,204 | 1,343,968 |
| Acquisition of construction in progress | | | (122,000) |
| Completion of construction in progress | — | 122,000 | — |
| | — | 1,068,463 | (533,988) |
| Acquisition of prepaid expenses | | (152,129) | (99,783) |
| Consumption of prepaid expenses | — | 99,783 | 59,776 |
| | — | (52,346) | (40,007) |
| CHANGE IN NET ASSETS (DEBT) FOR YEAR | 148,808 | 102,587 | (1,462,481) |
| NET ASSETS (DEBT), <i>beginning of year</i> <i>as restated (Note 2)</i> | (524,263) | (524,263) | 938,218 |
| NET DEBT, <i>end of year</i> | \$(375,455) | \$(421,676) | \$(524,263) |

PAUINGASSI FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

| | 2015 | 2014 (Restated) |
|---|-------------------|--------------------|
| CASH FLOW FROM | | |
| <i>OPERATING ACTIVITIES</i> | | |
| Cash received from A.A.N.D.C. \$ 4,104,395 \$ 4,036,278 | | |
| Cash received from other sources | 2,351,539 | 2,805,130 |
| Cash paid to suppliers and employees | (6,704,738) | (7,120,387) |
| | (248,804) | (278,979) |
| <i>CAPITAL TRANSACTIONS</i> | | |
| Acquisition of capital assets | (315,741) | (1,755,956) |
| Acquisition of construction in progress | - | (122,000) |
| | (315,741) | (1,877,956) |
| <i>INVESTING ACTIVITY</i> | | |
| South Beach Casino income distribution received | <u>650,000</u> | <u>650,000</u> |
| <i>FINANCING ACTIVITIES</i> | | |
| Proceeds from long term debt | 245,000 | 1,302,925 |
| Repayment of long term debt | (256,286) | (343,697) |
| | (11,286) | 959,228 |
| NET INCREASE (DECREASE) IN CASH DURING YEAR | <u>74,169</u> | (547,707) |
| CASH, <i>beginning of year</i> | <u>42,202</u> | <u>589,909</u> |
| CASH, <i>end of year</i> | <u>\$ 116,371</u> | <u>\$ 42,202</u> |
| CASH COMPRISED OF | | |
| Cash | \$ 74,888 | \$ 11,536 |
| Restricted cash | <u>41,483</u> | <u>30,666</u> |
| | <u>\$ 116,371</u> | <u>\$ 42,202</u> |

PAUINGASSI FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for governments, as defined by the Canadian Institute of Chartered Accountants Public Sector Accounting Handbook, which encompasses the following principles:

REPORTING ENTITY

The consolidated financial statements report the financial activities of all entities and departments comprising the First Nation reporting entity.

The First Nation has consolidated assets, liabilities, revenue and expenses of the following entities and departments:

- Pauingassi First Nation Operating Fund
- Pauingassi First Nation Housing Authority
- Pauingassi First Nation Care Home
- Pauingassi First Nation Educational Authority Inc.
- Pauingassi First Nation Health Authority
- Pauingassi First Nation Gas Bar & Store

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Pauingassi First Nation business entities owned or controlled by the First Nation's Chief and Council but not dependent on the First Nation for their continuing operations and government partnerships are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- South Beach Casino Limited Partnership
- Pauingassi First Nation Construction Inc.

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.

INVESTMENTS

Portfolio investments are recorded at cost, less an allowance to reflect any decline in value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

NET DEBT

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

TANGIBLE CAPITAL ASSETS

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

Tangible capital assets are reported at net book value. Contributions received to assist in the acquisition of tangible capital assets are reported as deferred revenue and amortized to income at the same rate as the related asset.

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.

Amortization is provided for on a straight-line basis, over the expected useful life of the assets in the table that follows:

| | |
|-------------------------|----------|
| Buildings | 2 - 5% |
| Computers and software | 20% |
| Equipment | 5 - 20% |
| Housing | 2.5 - 4% |
| Roads | 2% |
| Water and sewer systems | 2% |
| Vehicles | 10 - 20% |

Amortization is computed at one-half of the annual amortization in the year of acquisition.

REVENUErecognition

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. Transfer revenue is recognized in the statement of operations as the stipulations 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 performed is deferred and recognized when the fee is earned or service performed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

SEGMENTS

Pauingassi First Nation conducts its business through a number of reportable segments. These operating segments are established by management to facilitate the achievement of Pauingassi First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

FINANCIAL INSTRUMENTS

Financial instruments include cash, accounts receivable, accounts payable and accrued liabilities and long term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Unless otherwise stated, the carrying value of the First Nation's financial assets and liabilities approximates their fair value.

FAIR VALUE

Due to the short term nature of all financial instruments other than long term debt and long term investments, the carrying value as presented in the financial statements are reasonable estimates of fair value. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate, and if so any difference would be accounted for in the period in which it becomes known. For long term investments and long term debt it is not practicable within constraints of timeliness or cost to determine the fair value with sufficient reliability because the instruments are not traded in an organized financial market.

USE OF ESTIMATES

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

2. PRIOR YEAR RESTATEMENT

A prior year restatement was made to reverse Basic Needs A.A.N.D.C. funding previously deferred in the amount of \$182,166 as of March 31, 2013 and \$130,205 as of March 31, 2014.

The financial statement impact on amounts previously presented for the year ended March 31, 2014 is as follows:

| | As previously reported | Increase (Decrease) | Restated |
|---|---------------------------|------------------------|--------------|
| <u>Consolidated Statement of Financial Position</u> | | | |
| Deferred revenue | \$ 130,205 | \$(130,205) | \$ |
| Net Debt | (654,468) | 130,205 | (524,263) |
| Accumulated Surplus | 31,583,337 | 130,205 | 31,713,542 |
| <u>Consolidated Statement of Operations</u> | | | |
| A.A.N.D.C. revenue | 4,036,278 | (51,961) | 3,984,317 |
| Total revenue | 7,395,855 | (51,961) | 7,343,894 |
| Annual deficit | (836,525) | (51,961) | (888,486) |
| Accumulated Surplus, <i>beginning of year</i> | 32,419,862 | 182,166 | 32,602,028 |
| Accumulated Surplus, <i>end of year</i> | 31,583,337 | 130,205 | 31,713,542 |
| <u>Consolidated Statement of Change in Net Debt</u> | | | |
| Annual deficit | (836,525) | (51,961) | (888,486) |
| Change in net debt for year | (1,410,520) | (51,961) | (1,462,481) |
| Net Debt, <i>beginning of year</i> | 756,052 | 182,166 | 938,218 |
| Net Debt, <i>end of year</i> | (654,468) | 130,205 | (524,263) |

3. RESTRICTED CASH

A.A.N.D.C. TRUST

Capital trust monies are derived from non-renewable resource transactions on the sale of lands or other First Nation capital assets. Capital trust monies are expended on the authorization of the Minister, with the consent of the First Nation Council. Revenue trust monies are generated primarily through land-leasing transactions or interest earned on deposits in the Consolidated Revenue Fund of the Government of Canada. Revenue trust monies are, in most cases, managed and expended under the provisions of the Indian Act.

REPLACEMENT RESERVE

Under the terms of the operating agreements with C.M.H.C., the Replacement Reserve is to be credited with an annual allocation of \$34,581. These funds, along with accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by C.M.H.C. from time to time. The funds in the account may only be used as approved by C.M.H.C. Expenditures are charged to accumulated interest first and then to principal. As of March 31, 2015 there is an accumulated balance of \$240,360 for this reserve, there is \$10,092 in the replacement reserve bank account and \$230,268 remains unfunded and due from the operating fund.

At the end of the year, the restricted cash consisted of the following balances:

| | 2015 | 2014 |
|------------------------------|------------------|------------------|
| A.A.N.D.C. Trust | \$ 31,391 | \$ 30,527 |
| C.M.H.C. Replacement Reserve | <u>10,092</u> | <u>139</u> |
| | <u>\$ 41,483</u> | <u>\$ 30,666</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

4. ACCOUNTS RECEIVABLE

| | 2 0 1 5 | 2 0 1 4 |
|--|-------------------|-------------------|
| First Nation Inuit Health | \$ 11,380 | \$ 14,000 |
| Goods and services tax | 46,468 | 6,094 |
| Ontario Ministry and Natural Resources | 17,578 | 5,890 |
| Province of Manitoba | 41,758 | 7,477 |
| Solicitor General | 134,461 | 17,578 |
| Southeast Resource Development Council Corp. | 227,258 | 41,758 |
| Trade and member receivables | <u>163,895</u> | <u>134,461</u> |
| | <u>221,743</u> | <u>227,258</u> |
| Less: Allowance for doubtful accounts | (103,135) | (98,840) |
| | <u>\$ 118,608</u> | <u>\$ 128,418</u> |

5. INVENTORY

| | 2 0 1 5 | 2 0 1 4 |
|------|---------------|----------------|
| Fuel | <u>88,589</u> | <u>155,491</u> |

6. INVESTMENTS

| | 2 0 1 5 | 2 0 1 4 |
|---|---------------------|---------------------|
| Pauingassi First Nation Construction Inc. | \$ 64,753 | \$ 74,903 |
| South Beach Casino LP | <u>3,398,076</u> | <u>3,493,356</u> |
| | <u>\$ 3,462,829</u> | <u>\$ 3,568,259</u> |

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2 0 1 5 | 2 0 1 4 |
|--------------------------------|-------------------|-------------------|
| A.A.N.D.C | | |
| Social Programs 2007 and prior | \$ 306,097 | \$ 352,854 |
| Accrued liabilities | 77,014 | 88,562 |
| Trade and other payables | <u>263,559</u> | <u>437,466</u> |
| | <u>\$ 646,670</u> | <u>\$ 878,882</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

8. LONG TERM DEBT

| | 2 0 1 5 | 2 0 1 4 |
|---|---------------------|---------------------|
| Loan payable C.M.H.C., 1.05%, repayable in monthly installments of \$4,310 (P&I), due April 01, 2020. | \$ 713,469 | \$ 753,703 |
| Loan payable C.M.H.C., 1.67%, repayable in monthly installments of \$1,899.61 (P&I), due June 1, 2018. | 357,151 | 374,379 |
| Loan payable C.M.H.C., 1.67%, repayable in monthly installments of \$3,047 (P&I), due June 1, 2018. | 575,114 | 602,714 |
| Loan payable C.M.H.C., 2.68%, repayable in monthly installments of \$2,566 (P&I), due February 1, 2016. | 488,896 | 507,551 |
| Loan payable C.M.H.C., 2.11%, repayable in monthly installments of \$2,231 (P&I), due January 1, 2019. | 499,952 | 518,772 |
| Demand loan payable to First Nations Bank of Canada, 4.10%, due June 1, 2034. | 763,487 | 782,632 |
| Demand loan payable to First Nations Bank of Canada, 4.20%, due on or before December 1, 2016. | <u>163,334</u> | - |
| | <u>\$ 3,561,403</u> | <u>\$ 3,539,751</u> |

Loans payable to Canada Mortgage and Housing Corporation are secured by the specific assets financed and a ministerial guarantee by the Government of Canada.

The aggregate of payments required in each of the next five years to meet retirement provisions is estimated to be as follows:

| | |
|----------------|------------|
| March 31, 2016 | \$ 117,897 |
| 2017 | 120,534 |
| 2018 | 123,232 |
| 2019 | 125,993 |
| 2020 | 128,818 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

9. TANGIBLE CAPITAL ASSETS

| | Cost | | | Accumulated Amortization | | | Net Book Value | |
|---------------|----------------------|-------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|----------------------|
| | Opening Balance | Additions | Closing Balance | Opening Balance | Amortization | Closing Balance | Total 2015 | Total 2014 |
| Buildings | \$ 20,791,623 | \$ 5,719 | \$ 20,791,623 | \$ 4,433,489 | \$ 406,373 | \$ 4,839,862 | \$ 15,951,761 | \$ 16,358,134 |
| Computers | 309,175 | 5,719 | 314,894 | 96,781 | 51,604 | 148,385 | 166,509 | 212,394 |
| Equipment | 285,201 | 6,916 | 292,117 | 116,821 | 26,681 | 143,502 | 148,615 | 168,380 |
| Housing | 20,478,168 | 354,600 | 20,832,768 | 9,700,018 | 679,648 | 10,379,666 | 10,453,102 | 10,778,150 |
| Roads | 1,213,242 | | 1,213,242 | 400,999 | 24,265 | 425,264 | 787,978 | 812,243 |
| Sewer systems | 2,192,048 | | 2,192,048 | 741,021 | 43,841 | 784,862 | 1,407,186 | 1,451,027 |
| Vehicles | 1,408,453 | 70,506 | 1,478,959 | 1,122,987 | 91,836 | 1,214,823 | 264,136 | 285,466 |
| Water systems | <u>2,997,816</u> | <u>-</u> | <u>2,997,816</u> | <u>1,047,588</u> | <u>59,956</u> | <u>1,107,544</u> | <u>1,890,272</u> | <u>1,950,228</u> |
| | <u>\$ 49,675,726</u> | <u>\$ 437,741</u> | <u>\$ 50,113,467</u> | <u>\$ 17,659,704</u> | <u>\$ 1,384,204</u> | <u>\$ 19,043,908</u> | <u>\$ 31,069,559</u> | <u>\$ 32,016,022</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

10. CONTINGENT LIABILITIES

The First Nation receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses to the various programs. In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their agreements. At this time no estimate of the requirements, if any, to reimburse the agencies can be made.

For accounting purposes any amounts assessed or claims paid will be accounted for in the year of determination.

11. RECONCILIATION OF ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA REVENUE

| | 2 0 1 5 | 2 0 1 4 |
|---|--|---------------------|
| Agreement: | \$ 4,104,395 | \$ 3,958,579 |
| Plus: Revenue deferred from previous years | | |
| In-Home Care | 410 | |
| Wastewater Action Plan | 33,858 | |
| Less: Prior year recoveries | - | (8,530) |
| TOTAL A.A.N.D.C. REVENUE PER FINANCIAL STATEMENTS | <u>\$ 4,104,395</u> | <u>\$ 3,984,317</u> |

12. ECONOMIC DEPENDENCE

Pauingassi First Nation receives a major portion of its revenues pursuant to a funding arrangement with A.A.N.D.C. and F.N.I.H.B.

13. COMPARATIVE FIGURES

Certain prior year comparative amounts have been reclassified where necessary to conform to the current year's presentation.

14. EXPENSES BY OBJECT

| | 2 0 1 5 | 2 0 1 4 |
|---------------------------|---------------------|---------------------|
| Activity cost | \$ 619,850 | \$ 503,370 |
| Administration fees | 102,785 | 191,057 |
| Amortization | 1,384,204 | 1,343,968 |
| Insurance | 79,091 | 74,175 |
| Interest and bank charges | 100,916 | 107,090 |
| Other | 1,050,527 | 1,041,622 |
| Professional fees | 313,605 | 352,083 |
| Repairs and maintenance | 281,012 | 372,132 |
| Salaries and wages | 2,086,620 | 2,040,592 |
| Social assistance | 1,204,193 | 1,485,478 |
| Supplies | 144,289 | 182,077 |
| Travel | 237,581 | 178,318 |
| Utilities | 109,689 | 135,878 |
| Workshop and training | <u>189,862</u> | <u>224,540</u> |
| | <u>\$ 7,904,224</u> | <u>\$ 8,232,380</u> |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

15. SEGMENT DISCLOSURE

Pauingassi First Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The segment results for the year are as follows:

| | GOVERNANCE AND ADMINISTRATION | | SOCIAL ASSISTANCE | | EDUCATION | | OPERATIONS AND MAINTENANCE | | CAPITAL AND HOUSING | |
|--------------------------|-------------------------------|---------------------|-------------------|--------------------|---------------------|---------------------|----------------------------|---------------------|---------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | | | | | | | |
| Federal Government | | | | | | | | | | |
| AANDC | \$ 407,504 | \$ 395,037 | \$ 1,730,834 | \$ 1,524,127 | \$ 1,262,458 | \$ 1,307,553 | \$ 375,199 | \$ 429,200 | \$ 314,400 | \$ 314,400 |
| CMHC | | | | | | | | | 153,987 | 136,473 |
| Solicitor General | 39,063 | 39,063 | - | - | - | - | - | - | - | - |
| Subtotal | 446,567 | 434,100 | 1,730,834 | 1,524,127 | 1,262,458 | 1,307,553 | 375,199 | 429,200 | 468,387 | 450,873 |
| Other revenue | 284,461 | 377,979 | - | 20,308 | 50,000 | 229,636 | 85,128 | 83,188 | 147,417 | 137,561 |
| Total revenue | 731,028 | 812,079 | 1,730,834 | 1,544,435 | 1,312,458 | 1,537,189 | 460,327 | 512,388 | 615,804 | 588,434 |
| Expenses | | | | | | | | | | |
| Amortization | 206,223 | 179,608 | 648 | 1,295 | 404,390 | 404,389 | 212,683 | 213,498 | 455,395 | 441,457 |
| Debt servicing | 6,812 | 11,657 | | | 371 | 1,568 | | | 59,234 | 58,562 |
| Other | 517,146 | 468,996 | 1,575,094 | 1,499,722 | 482,727 | 712,892 | 202,388 | 274,532 | 219,760 | 253,346 |
| Salaries and benefits | 202,188 | 252,137 | 73,201 | 91,618 | 854,490 | 848,916 | 267,914 | 223,627 | - | - |
| Total expenses | 932,369 | 912,398 | 1,648,943 | 1,592,635 | 1,741,978 | 1,967,765 | 682,985 | 711,657 | 734,389 | 753,365 |
| Surplus (Deficit) | \$(201,341) | \$(100,319) | \$ 81,891 | \$(48,200) | \$(429,520) | \$(430,576) | \$(222,658) | \$(199,269) | \$(118,585) | \$(164,931) |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

15. SEGMENT DISCLOSURE *(continued)*

| | TRAINING AND DEVELOPMENT | | HEALTH | | BAND FUNDS | | TOTAL | |
|-----------------------|--------------------------|--------|-------------|--------------|------------|------------|--------------|--------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | | | | | |
| Federal Government | | | | | | | | |
| AANDC | \$ | \$ | \$ 14,000 | \$ 14,000 | \$ | \$ | \$ 4,104,395 | \$ 3,984,317 |
| FNIHB | | 4,200 | 976,500 | 801,570 | | | 976,500 | 805,770 |
| CMHC | | | | | | | 153,987 | 136,473 |
| Other | — | — | — | — | — | — | 39,063 | 39,063 |
| Subtotal | — | 4,200 | 990,500 | 815,570 | — | — | 5,273,945 | 4,965,623 |
| Other revenue | 89,177 | 61,935 | 104,165 | 149,772 | 956,401 | 1,317,892 | 1,716,749 | 2,378,271 |
| Total revenue | 89,177 | 66,135 | 1,094,665 | 965,342 | 956,401 | 1,317,892 | 6,990,694 | 7,343,894 |
| Expenses | | | | | | | | |
| Amortization | | | 103,800 | 102,656 | 1,065 | 1,065 | 1,384,204 | 1,343,968 |
| Debt servicing | | | | | 397 | 397 | 66,417 | 72,184 |
| Other | 5,874 | 8,257 | 433,692 | 440,749 | 930,302 | 1,117,142 | 4,366,983 | 4,775,636 |
| Salaries and benefits | 83,303 | 57,878 | 605,524 | 566,416 | — | — | 2,086,620 | 2,040,592 |
| Total expenses | 89,177 | 66,135 | 1,143,016 | 1,109,821 | 931,367 | 1,118,604 | 7,904,224 | 8,232,380 |
| Surplus (Deficit) | \$ — | \$ — | \$ (48,351) | \$ (144,479) | \$ 25,034 | \$ 199,288 | \$ (913,530) | \$ (888,486) |