
PAUNGASSI FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

PAUINGASSI FIRST NATION

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITORS' REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....STATEMENT 1

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS.....STATEMENT 2

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT.....STATEMENT 3

CONSOLIDATED STATEMENT OF CASH FLOWS.....STATEMENT 4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

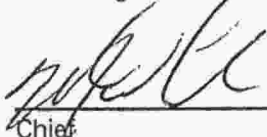
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Financial statements are not precise 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.

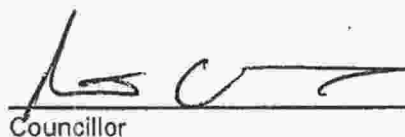
Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review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



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INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership
Pauingassi First Nation

We have audited the accompanying consolidated financial statements of Pauingassi First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations and accumulated surplus, 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, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba



Collins Barrow HMA LLP
Chartered Professional Accountants

PAUINGASSI FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2017	2016
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FINANCIAL ASSETS

Cash	\$ 4,200,092	\$ 227,397
Restricted cash (Note 2)	117,668	96,731
Accounts receivable (Note 3)	534,378	810,039
Inventory (Note 4)	163,888	110,837
Investments (Note 5)	<u>3,292,659</u>	<u>3,457,845</u>
	<u>8,308,685</u>	<u>4,702,649</u>

LIABILITIES

Accounts payable and accrued liabilities (Note 6)	670,183	629,952
Deferred revenue (Note 7)	4,147,146	503,000
Long term debt (Note 8)	<u>4,425,031</u>	<u>3,630,488</u>
	<u>9,242,360</u>	<u>4,763,440</u>
NET DEBT	(933,675)	(60,791)

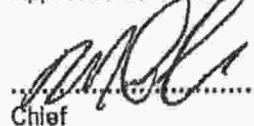
NON-FINANCIAL ASSETS

Tangible capital assets (Note 9)	33,211,806	30,136,797
Prepaid expenses	<u>141,665</u>	<u>183,250</u>
	<u>33,353,271</u>	<u>30,320,047</u>

ACCUMULATED SURPLUS (Note 10)	\$ <u>32,419,596</u>	\$ <u>30,259,256</u>
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CONTINGENT LIABILITIES (Note 11)


Approved on behalf of Council


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Chief


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Councillor

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Councillor


.....
Councillor


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Councillor

.....
Councillor

PAUINGASSI FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 1 7	2 0 1 6
REVENUE			
Indigenous and Northern Affairs Canada	\$ 7,515,479	\$ 7,336,508	\$ 4,200,509
First Nations and Inuit Health Branch	916,113	1,054,168	951,446
Canada Mortgage and Housing Corporation	137,307	223,962	147,928
Solicitor General	39,063	58,006	39,063
Band generated revenue	806,000	1,016,458	1,147,893
Other	891,937	1,212,274	821,386
Rental	228,795	359,435	333,607
Provincial funding	106,431	185,953	161,605
First Peoples Development Inc.		152,000	
Eliminations	-	(504,875)	-
	<u>10,641,125</u>	<u>11,093,889</u>	<u>7,803,437</u>
EXPENSES			
Governance and administration	708,903	973,192	1,001,612
Social assistance	1,657,871	1,454,329	1,714,265
Education	1,745,215	1,940,397	1,706,989
Operations and maintenance	392,748	1,058,965	661,107
Capital and housing	3,623,365	844,809	803,840
Training and employment	368,623	369,971	263,461
Health	991,621	1,146,084	1,150,561
Band funds	966,532	1,650,677	1,042,358
Eliminations	-	(504,875)	-
	<u>10,454,878</u>	<u>8,933,549</u>	<u>8,344,193</u>
ANNUAL SURPLUS (DEFICIT)	186,247	2,160,340	(540,756)
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>30,800,012</u>	<u>30,259,256</u>	<u>30,800,012</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 30,986,259</u>	<u>\$ 32,419,596</u>	<u>\$ 30,259,256</u>

PAUINGASSI FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 1 7	2 0 1 6
Annual deficit	\$ <u>186,247</u>	\$ <u>2,160,340</u>	\$ (<u>540,756</u>)
Acquisition of tangible capital assets		(<u>1,232,538</u>)	(<u>26,498</u>)
Amortization of tangible capital assets		<u>1,390,253</u>	<u>1,374,833</u>
Acquisition of construction in progress	<u>-</u>	(<u>3,232,524</u>)	(<u>415,573</u>)
	<u>-</u>	(<u>3,074,809</u>)	<u>932,762</u>
Acquisition of prepaid expenses		(<u>141,665</u>)	(<u>183,250</u>)
Consumption of prepaid expenses	<u>-</u>	<u>183,250</u>	<u>152,129</u>
	<u>-</u>	<u>41,585</u>	(<u>31,121</u>)
DECREASE (INCREASE) IN NET DEBT FOR YEAR	186,247	(<u>872,884</u>)	360,885
NET DEBT, <i>beginning of year</i>	<u>-</u>	(<u>60,791</u>)	(<u>421,676</u>)
NET DEBT, <i>end of year</i>	\$ <u><u>186,247</u></u>	\$ (<u><u>933,675</u></u>)	\$ (<u><u>60,791</u></u>)

PAUINGASSI FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2017	2016
CASH FLOW FROM		
OPERATING ACTIVITIES		
Cash received from INAC	\$ 11,584,064	\$ 4,200,509
Cash received from other sources	4,034,917	2,764,497
Cash paid to suppliers and employees	(8,561,331)	(7,034,263)
	<u>7,057,650</u>	<u>(69,257)</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(1,232,538)	(26,498)
Acquisition of construction in progress	(3,232,524)	(415,573)
	<u>(4,465,062)</u>	<u>(442,071)</u>
INVESTING ACTIVITY		
South Beach Casino income distribution received	<u>859,985</u>	<u>650,000</u>
FINANCING ACTIVITIES		
Proceeds from long term debt	1,335,602	300,000
Repayment of long term debt	(794,543)	(230,915)
	<u>541,059</u>	<u>69,085</u>
NET INCREASE IN CASH DURING YEAR	3,993,632	207,757
CASH, beginning of year	<u>324,128</u>	<u>116,371</u>
CASH, end of year	\$ <u>4,317,760</u>	\$ <u>324,128</u>
CASH COMPRISED OF		
Cash	\$ 4,200,092	\$ 227,397
Restricted cash	<u>117,668</u>	<u>96,731</u>
	\$ <u>4,317,760</u>	\$ <u>324,128</u>

PAUINGASSI FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for governments, as defined by the CPA Canada 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 reporting entity of Pauingassi First Nation.

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, 2017

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 %
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.

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. 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, 2017

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, investments, 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.

2. RESTRICTED CASH

INAC 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

2. RESTRICTED CASH (continued)

REPLACEMENT RESERVE

Under the terms of the operating agreements with CMHC, the Replacement Reserve is to be credited with an annual allocation of \$37,381. 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 CMHC from time to time. The funds in the account may only be used as approved by CMHC. Expenditures are charged to accumulated interest first and then to principal. As of March 31, 2017 there is an accumulated balance of \$312,322 for this reserve, there is \$84,673 in the replacement reserve bank account and \$227,649 remains unfunded and due from the operating fund.

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

	2017	2016
INAC Trust	\$ 32,995	\$ 32,058
CMHC Replacement Reserve	<u>84,673</u>	<u>64,673</u>
	<u>\$ 117,668</u>	<u>\$ 96,731</u>

3. ACCOUNTS RECEIVABLE

	2017	2016
Canadian Mortgage and Housing Corporation	\$ 79,100	\$
INAC		
Sewage treatment plant repair project		365,000
Winter road adjustment - fuel assistance		138,000
First Nation Inuit Health	7,337	
First People Development Fund	7,600	
Goods and services tax	21,370	13,470
Manitoba Conservation and Water Stewardship		12,600
Norwin Construction	11,434	10,655
Ontario Ministry of Natural Resources		3,558
Province of Manitoba - Land Use Planning	53,400	
Province of Manitoba - Minister of Justice	75	17,578
Province of Manitoba - Policing	5,801	
Province of Manitoba - Tobacco Tax Rebates	72,198	68,717
Province of Manitoba - Water Treatment Plant	26,400	
South East Child and Family Services	7,650	15,231
South East Resource Development Council Corp.	141,864	164,131
Trade, member and other receivables	<u>209,173</u>	<u>110,123</u>
	<u>643,402</u>	<u>919,063</u>
Less: Allowance for doubtful accounts	(109,024)	(109,024)
	<u>\$ 534,378</u>	<u>\$ 810,039</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

4. INVENTORY

	2 0 1 7	2 0 1 6
Fuel	\$ <u>163,888</u>	\$ <u>110,637</u>

5. INVESTMENTS

	2 0 1 7	2 0 1 6
Pauingassi First Nation Construction Inc.	\$(13,909)	\$ 23,553
South Beach Casino LP	<u>3,306,568</u>	<u>3,434,292</u>
	\$ <u>3,292,659</u>	\$ <u>3,457,845</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 7	2 0 1 6
INAC		
Social Programs 2007 and prior	\$ 155,265	\$ 233,035
Accrued liabilities	79,950	94,540
Trade and other payables	<u>434,968</u>	<u>302,377</u>
	\$ <u>670,183</u>	\$ <u>629,952</u>

7. DEFERRED REVENUE

	2 0 1 7	2 0 1 6
INAC		
Sewage treatment plant repair project	\$	\$ 365,000
Winter road adjustment - fuel assistance		138,000
Water Treatment Plant	<u>4,147,146</u>	<u>-</u>
	\$ <u>4,147,146</u>	\$ <u>503,000</u>

8. LONG TERM DEBT

	2 0 1 7	2 0 1 6
Mortgage payable to CMHC, 1.05%, repayable in monthly installments of \$4,310 (P&I), renews April 01, 2020, matures February 1, 2030.	\$ 624,546	\$ 669,480
Mortgage payable to CMHC, 1.67%, repayable in monthly installments of \$1,900 (P&I), renews June 1, 2018, matures May 1, 2033.	322,907	340,184
Mortgage payable to CMHC, 1.67%, repayable in monthly installments of \$3,047 (P&I), renews June 1, 2018, matures June 1, 2033.	520,264	547,938
Mortgage payable to CMHC, 1.01%, repayable in monthly installments of \$2,183 (P&I), renews February 1, 2021, matures January 1, 2036.	449,147	470,707
Mortgage payable to CMHC, 2.11%, repayable in monthly installments of \$2,231 (P&I), renews January 1, 2019, matures January 1, 2039.	466,757	483,552

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

8. LONG TERM DEBT (continued)

Mortgage payable to CMHC, 1.44%, repayable in monthly installments of \$1,783 (P&I), renews February 1, 2022, matures February 1, 2042.	447,876	
Demand loan payable to First Nations Bank of Canada, 4.10%, repayable in monthly installments of \$4,785 (P&I), renews June 1, 2019.	709,241	736,960
Demand loan payable to First Nations Bank of Canada, 4.05%, repayable in annual installments of \$81,667 plus interest, due December 1, 2016.		81,667
Demand loan payable to First Nations Bank of Canada, variable rate, repayable in annual installments of \$190,956 plus interest, due April 1, 2019.	381,911	
Demand loan payable to First Nations Bank of Canada, 4.05%, repayable in annual installments of \$35,000 plus interest, due December 1, 2020.	265,000	300,000
Demand loan payable to First Nations Bank of Canada, 3.70%, repayable in monthly installments of \$2,329 (P&I).	67,830	
Demand loan payable to Ford Credit Canada, 2.99%, repayable in monthly installments of \$1,209 (P&I), due January 22, 2021.	52,472	
Demand loan payable to Ford Credit Canada, 0.0%, repayable in monthly installments of \$813 (P), due March 6, 2020.	29,270	
Demand loan payable to Ford Credit Canada, 0.0%, repayable in monthly installments of \$813 (P), due March 6, 2020.	29,270	
Demand loan payable to Ford Credit Canada, 0.0%, repayable in monthly installments of \$813 (P), due March 6, 2020.	29,270	
Demand loan payable to Ford Credit Canada, 0.0%, repayable in monthly installments of \$813 (P), due March 6, 2020.	<u>29,270</u>	<u>-</u>
	<u>\$ 4,425,031</u>	<u>\$ 3,630,488</u>

Mortgages 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, 2018	\$ 477,741
2019	482,369
2020	283,420
2021	230,702
2022	347,292

PAUINGASSI FIRST NATION

PAGE 7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

9. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Disposals, Write-offs & Adjustments	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2017	Total 2016
Buildings	\$19,029,881	\$	\$	\$19,029,881	\$ 5,245,419	\$ 405,557	\$ 5,650,976	\$13,378,905	\$13,784,464
Computer equipment	314,893	15,467		330,360	196,509	49,670	246,179	84,181	118,384
Construction in progress	415,573	3,232,525	(415,573)	4,063,671				4,063,671	415,573
Furniture and equipment	318,615	318,354		636,969	171,853	45,594	217,447	419,522	146,762
Housing	22,594,509	425,465	415,573	22,604,401	11,052,482	663,167	11,715,649	10,888,752	11,542,027
Roads	1,213,242			1,213,242	449,528	24,265	473,793	739,449	763,714
Sewer systems	2,192,048			2,192,048	828,703	43,841	872,544	1,319,504	1,363,345
Vehicles	1,478,959	473,251		1,952,210	1,306,747	98,201	1,404,948	547,262	172,212
Water systems	<u>2,997,816</u>	<u>-</u>	<u>-</u>	<u>2,997,816</u>	<u>1,167,500</u>	<u>59,956</u>	<u>1,227,456</u>	<u>1,770,360</u>	<u>1,830,316</u>
	<u>\$50,555,536</u>	<u>\$ 4,465,062</u>	<u>\$ -</u>	<u>\$55,020,598</u>	<u>\$20,418,741</u>	<u>\$ 1,390,251</u>	<u>\$21,808,992</u>	<u>\$33,211,606</u>	<u>\$30,136,797</u>

10. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2017	2016
Accumulated surplus (deficit) from operations	\$ 222,694	\$ 198,371
Equity in capital assets	28,786,575	26,506,309
Equity in investments	3,292,659	3,457,845
Equity in funds held in trust	32,995	32,058
Replacement reserve	<u>84,673</u>	<u>64,673</u>
	<u>\$ 32,419,596</u>	<u>\$ 30,259,256</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

11. 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.

12. RECONCILIATION OF INDIGENOUS AND NORTHERN AFFAIRS CANADA REVENUE

	2 0 1 7	2 0 1 6
Agreement No. 1516-MB-000036	\$ 11,081,064	\$ 4,703,509
Sewage treatment plant repair project	365,000	
Winter road adjustment - fuel assistance	138,000	
Prior year recoveries	(100,410)	
Water Plant and Sewer Expansion	(4,147,146)	
Sewage treatment plant repair project		(365,000)
Winter road adjustment - fuel assistance	-	(138,000)
TOTAL INAC REVENUE PER FINANCIAL STATEMENTS	<u>\$ 7,336,508</u>	<u>\$ 4,200,509</u>

13. ECONOMIC DEPENDENCE

Pauingassi First Nation receives a major portion of its revenue pursuant to funding arrangements with INAC and FNIHB.

14. COMPARATIVE FIGURES

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

15. EXPENSES BY OBJECT

	2 0 1 7	2 0 1 6
Activity cost	\$ 867,705	\$ 623,495
Administration fees	167,455	122,983
Amortization	1,390,253	1,374,833
Insurance	108,228	103,636
Interest and bank charges	98,224	68,316
Other	710,435	563,048
Professional fees	389,203	415,750
Rent	15,967	10,104
Repairs and maintenance	899,203	374,969
Salaries and wages	2,508,450	2,381,327
Social assistance	1,127,769	1,328,295
Supplies	376,434	309,515
Travel	344,417	243,734
Utilities	286,166	376,900
Workshop and training	148,515	47,288
Eliminations	(504,875)	-
	<u>\$ 8,933,549</u>	<u>\$ 8,344,193</u>

PAUINGASSI FIRST NATION

PAGE 9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

16. 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	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues										
Federal Government										
INAC	\$ 458,178	\$ 413,208	\$ 1,318,194	\$ 1,825,074	\$ 1,515,077	\$ 1,270,134	\$ 676,203	\$ 363,693	\$ 3,354,856	\$ 314,400
CMHC									223,962	147,928
Solicitor General	<u>58,006</u>	<u>39,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	516,184	452,271	1,318,194	1,825,074	1,515,077	1,270,134	676,203	363,693	3,578,818	462,328
Other revenue	<u>208,623</u>	<u>332,426</u>	<u>-</u>	<u>12,046</u>	<u>26,666</u>	<u>56,715</u>	<u>89,136</u>	<u>90,281</u>	<u>593,945</u>	<u>147,417</u>
Total revenue	<u>724,807</u>	<u>784,697</u>	<u>1,318,194</u>	<u>1,837,120</u>	<u>1,541,743</u>	<u>1,326,849</u>	<u>765,339</u>	<u>453,974</u>	<u>4,172,763</u>	<u>609,745</u>
Expenses										
Amortization	223,067	203,246			419,704	404,389	204,870	211,867	441,797	450,122
Debt servicing	8,502	5,371			257	2,815			40,482	46,054
Other	433,475	472,717	1,395,800	1,641,026	617,296	429,133	635,444	198,426	356,645	307,664
Salaries and benefits	<u>308,148</u>	<u>320,279</u>	<u>58,529</u>	<u>73,239</u>	<u>903,140</u>	<u>870,652</u>	<u>218,651</u>	<u>250,814</u>	<u>5,885</u>	<u>-</u>
Total expenses	<u>973,192</u>	<u>1,001,613</u>	<u>1,454,329</u>	<u>1,714,265</u>	<u>1,940,397</u>	<u>1,706,989</u>	<u>1,058,965</u>	<u>661,107</u>	<u>844,809</u>	<u>803,840</u>
Surplus (Deficit)	<u>\$ (248,385)</u>	<u>\$ (216,916)</u>	<u>\$ (136,135)</u>	<u>\$ 122,855</u>	<u>\$ (398,654)</u>	<u>\$ (380,140)</u>	<u>\$ (293,626)</u>	<u>\$ (207,133)</u>	<u>\$ 3,327,954</u>	<u>\$ (194,095)</u>

PAUINGASSI FIRST NATION

PAGE 10

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

16. SEGMENT DISCLOSURE (continued)

	TRAINING AND DEVELOPMENT		HEALTH		BAND FUNDS		Eliminations		TOTAL	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues										
Federal Government										
INAC	\$	\$	\$ 14,000	\$ 14,000	\$	\$	\$	\$	\$ 7,336,508	\$ 4,200,509
FNIHB			1,054,168	951,446					1,054,168	951,446
CMHC									223,962	147,928
Solicitor General	-	-	-	-	-	-	-	-	58,006	39,063
Subtotal	-	-	1,068,168	965,446	-	-	-	-	8,672,644	5,338,946
Other revenue	368,623	263,461	79,008	77,558	1,560,119	1,484,587	(504,875)	-	2,421,245	2,464,491
Total revenue	368,623	263,461	1,147,176	1,043,004	1,560,119	1,484,587	(504,875)	-	11,093,889	7,803,437
Expenses										
Amortization			99,751	104,144	1,064	1,065			1,390,253	1,374,833
Debt servicing			12	11,680	48,971	2,396			98,224	68,316
Other	40,648	49,304	419,354	399,482	1,542,835	1,021,965	(504,875)		4,936,622	4,519,717
Salaries and benefits	329,323	214,157	626,967	635,255	57,807	16,931	-	-	2,508,450	2,381,327
Total expenses	369,971	263,461	1,146,084	1,150,561	1,650,677	1,042,357	(504,875)	-	8,933,549	8,344,193
Surplus (Deficit)	\$ (1,348)	\$ -	\$ 1,092	\$ (107,557)	\$ (90,558)	\$ 442,230	\$ -	\$ -	\$ 2,160,340	\$ (540,756)