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PAUINGASSI FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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# PAUINGASSI FIRST NATION

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**MARCH 31, 2018**

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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.

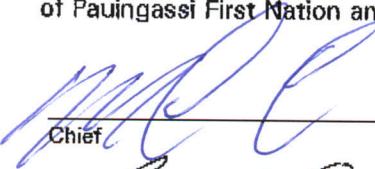
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Financial statements are not precise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



## INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership  
Pauingassi First Nation

**Collins Barrow HMA LLP**  
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We have audited the accompanying consolidated financial statements of Pauingassi First Nation, which comprise the consolidated statement of financial position as at March 31, 2018, 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, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Collins Barrow HMA LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
July 27, 2018



# PAUINGASSI FIRST NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2018

2017

### FINANCIAL ASSETS

Cash	\$ 8,846,787	\$ 4,200,092
Restricted cash (Note 2)	189,784	117,668
Accounts receivable (Note 3)	2,413,811	534,378
Inventory (Note 4)	393,116	163,888
Investments (Note 5)	<u>3,387,068</u>	<u>3,292,659</u>
	<u>15,230,566</u>	<u>8,308,885</u>

### LIABILITIES

Accounts payable and accrued liabilities (Note 6)	6,620,883	670,183
Deferred revenue (Note 7)	4,430,487	4,147,146
Long term debt (Note 8)	<u>5,755,446</u>	<u>4,425,031</u>
	<u>16,806,816</u>	<u>9,242,360</u>
Net debt	( 1,576,250)	( 933,675)

### NON-FINANCIAL ASSETS

Tangible capital assets (Note 9)	49,011,801	33,211,606
Prepaid expenses	<u>277,430</u>	<u>141,665</u>
	<u>49,289,231</u>	<u>33,353,271</u>
Accumulated surplus	<u>\$ 47,712,981</u>	<u>\$ 32,419,596</u>
Contingent liabilities (Note 10)		

Approved on behalf of Council

Chief

Councillor

Councillor

Councillor

Councillor

Councillor

# PAUINGASSI FIRST NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2018	2017
<b>REVENUE</b>			
Indigenous Services Canada	\$ 3,856,574	<b>\$ 19,674,960</b>	\$ 7,336,508
First Nations and Inuit Health Branch	916,308	<b>1,451,546</b>	1,054,168
Canada Mortgage and Housing Corporation	137,307	<b>175,132</b>	223,962
First Peoples Development Inc.		<b>53,873</b>	152,000
Province of Manitoba	243,606	<b>191,925</b>	243,959
Band generated revenue	938,448	<b>1,390,305</b>	1,016,458
Rental	328,795	<b>737,068</b>	359,435
Other	485,614	<b>767,467</b>	1,212,274
Elimination of inter-department transactions	<u>-</u>	<u>( 304,901)</u>	<u>( 504,875)</u>
	<u>6,906,652</u>	<u><b>24,137,375</b></u>	<u><b>11,093,889</b></u>
<b>EXPENSES</b>			
Governance and administration	803,779	<b>772,624</b>	973,192
Social assistance	1,328,039	<b>1,360,842</b>	1,454,329
Education	1,353,723	<b>1,432,682</b>	1,940,397
Operations and maintenance	350,533	<b>358,182</b>	1,058,965
Capital and housing	384,701	<b>2,053,236</b>	844,809
Training and employment	200,365	<b>251,823</b>	369,971
Health	1,139,275	<b>1,288,900</b>	1,146,084
Band funds	1,439,500	<b>1,630,602</b>	1,650,677
Elimination of inter-department transactions	<u>-</u>	<u>( 304,901)</u>	<u>( 504,875)</u>
	<u>6,999,915</u>	<u><b>8,843,990</b></u>	<u><b>8,933,549</b></u>
ANNUAL SURPLUS	( 93,263)	<b>15,293,385</b>	2,160,340
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>30,986,259</u>	<u><b>32,419,596</b></u>	<u>30,259,256</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 30,892,996</u>	<u><b>\$ 47,712,981</b></u>	<u><b>\$ 32,419,596</b></u>

## PAUINGASSI FIRST NATION

### **STATEMENT 3**

## **CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**

**YEAR ENDED MARCH 31**

	BUDGET	2018	2017
	(UNAUDITED)	2018	2017
Annual surplus	\$( 93,263)	<b>\$ 15,293,385</b>	\$ 2,160,340
Acquisition of tangible capital assets and construction in progress		( 17,448,873)	( 4,465,062)
Amortization of tangible capital assets	- -	<b>1,648,678</b>	1,390,253
	- -	<b>( 15,800,195)</b>	( 3,074,809)
Acquisition of prepaid expenses		( 277,430)	( 141,665)
Consumption of prepaid expenses	- -	<b>141,665</b>	183,250
	- -	<b>( 135,765)</b>	41,585
CHANGE IN NET DEBT FOR YEAR	( 93,263)	( 642,575)	( 872,884)
NET DEBT, <i>beginning of year</i>	- -	<b>( 933,675)</b>	( 60,791)
NET DEBT, <i>end of year</i>	\$( 93,263)	<b>\$ ( 1,576,250)</b>	\$( 933,675)

# PAUINGASSI FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

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### CASH FLOW FROM

#### *OPERATING ACTIVITIES*

Cash received from Indigenous Services Canada	\$ 17,703,091	\$ 11,584,064
Cash received from other sources	3,835,761	4,034,917
Cash paid to suppliers and employees	( 7,672,393)	( 8,561,331)
	<u><b>13,866,459</b></u>	<u><b>7,057,650</b></u>

#### *CAPITAL TRANSACTIONS*

Acquisition of tangible capital assets	<u><b>( 11,386,085)</b></u>	<u><b>( 4,465,062)</b></u>
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#### *INVESTING ACTIVITY*

South Beach Casino income distribution received	<u><b>908,022</b></u>	<u><b>859,985</b></u>
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#### *FINANCING ACTIVITIES*

Proceeds from long term debt	1,757,178	1,335,602
Repayment of long term debt	( 426,763)	( 794,543)
	<u><b>1,330,415</b></u>	<u><b>541,059</b></u>

#### NET INCREASE IN CASH DURING YEAR

**4,718,811**      3,993,632

CASH, *beginning of year*

**4,317,760**      324,128

CASH, *end of year*

**\$ 9,036,571**      **\$ 4,317,760**

#### CASH COMPRISED OF

Cash	\$ 8,846,787	\$ 4,200,092
Restricted cash	<u><b>189,784</b></u>	<u><b>117,668</b></u>
	<u><b>\$ 9,036,571</b></u>	<u><b>\$ 4,317,760</b></u>

# PAUINGASSI FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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### 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.

#### *INVENTORY*

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2018**

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

#### *INVESTMENTS*

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

#### *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.

#### *REVENUErecognition*

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2018**

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### 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

## 2. RESTRICTED CASH

*INDIGENOUS SERVICES CANADA 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 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, 2018 there is an accumulated balance of \$323,874 for this reserve, there is \$145,488 in the replacement reserve bank account and \$178,386 remains unfunded and due from the operating fund.

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

	2 0 1 8	2 0 1 7
Indigenous Services Canada Trust	\$ 44,296	\$ 32,995
CMHC Replacement Reserve	<u>145,488</u>	<u>84,673</u>
	<u><u>\$ 189,784</u></u>	<u><u>\$ 117,668</u></u>

## 3. ACCOUNTS RECEIVABLE

	2 0 1 8	2 0 1 7
Indigenous Services Canada		
Landfill	\$ 2,000	\$
Water Treatment Plant 18/19	<u>1,996,574</u>	
First Nation Inuit Health		7,337
Canadian Mortgage and Housing Corporation		79,100
First People Development Fund	53,243	7,600
Goods and services tax	15,884	21,370
Norwin Construction	10,000	11,434
Province of Manitoba	74,464	170,474
South East Child and Family Services	6,306	7,650
South East Resource Development Council Corp.	29,208	141,864
Trade, member and other receivables	<u>335,156</u>	<u>212,731</u>
	<u>2,522,835</u>	<u>643,402</u>
Less: Allowance for doubtful accounts	<u>( 109,024)</u>	<u>( 109,024)</u>
	<u><u>\$ 2,413,811</u></u>	<u><u>\$ 534,378</u></u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2018**

	<b>2 0 1 8</b>	<b>2 0 1 7</b>
4. INVENTORY		
Fuel	\$ <u>393,116</u>	\$ <u>163,888</u>
5. INVESTMENTS		
Pauingassi First Nation Construction Inc.	\$( <u>14,019</u> )	\$( <u>13,909</u> )
South Beach Casino LP	<u>3,401,087</u>	<u>3,306,568</u>
	<u><b>\$ 3,387,068</b></u>	<u><b>\$ 3,292,659</b></u>
6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		
Indigenous Services Canada		
Social Programs 2007 and prior	\$ <u>84,781</u>	\$ <u>155,265</u>
Accrued liabilities	<u>135,656</u>	<u>79,950</u>
Capital project payables	<u>6,065,788</u>	
Trade and other payables	<u>334,658</u>	<u>434,968</u>
	<u><b>\$ 6,620,883</b></u>	<u><b>\$ 670,183</b></u>
7. DEFERRED REVENUE		
Indigenous Services Canada		
Water Treatment Plant	\$ <u>4,173,851</u>	\$ <u>4,147,146</u>
First Nations and Inuit Health		
Accreditation	<u>20,200</u>	
Jordan's Principle	<u>236,436</u>	-
	<u><b>\$ 4,430,487</b></u>	<u><b>\$ 4,147,146</b></u>
8. LONG TERM DEBT		
Mortgage payable to CMHC, 1.05%, repayable in monthly installments of \$4,310 (P&I), due April 2020.	\$ <u>579,154</u>	\$ <u>624,546</u>
Mortgage payable to CMHC, 1.67%, repayable in monthly installments of \$1,900 (P&I), due June 2018.	<u>305,354</u>	<u>322,907</u>
Mortgage payable to CMHC, 1.67%, repayable in monthly installments of \$3,047 (P&I), due June 2018.	<u>492,147</u>	<u>520,264</u>
Mortgage payable to CMHC, 1.01%, repayable in monthly installments of \$2,183 (P&I), due February 2021.	<u>427,379</u>	<u>449,147</u>
Mortgage payable to CMHC, 2.11%, repayable in monthly installments of \$2,231 (P&I), due January 2019.	<u>449,629</u>	<u>466,757</u>
Mortgage payable to CMHC, 1.44%, repayable in monthly installments of \$1,783 (P&I), due February 2022.	<u>432,814</u>	<u>447,876</u>
Mortgage payable to CMHC, 2.39%, repayable in monthly installments of \$3,231 (P&I), due March 2023.	<u>730,178</u>	
Demand loan payable to First Nations Bank of Canada, 5.05%, repayable in annually installments of \$5,083 (P&I), due May 2021.	<u>244,000</u>	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

8. LONG TERM DEBT *(continued)*

	2 0 1 8	2 0 1 7
Demand loan payable to First Nations Bank of Canada, 5.05%, repayable in monthly installments of \$4,167 (P&I), due February 2022.	608,000	
Demand loan payable to First Nations Bank of Canada, 4.75%, repayable in annually installments of \$35,000 (P&I), due April 2019.	680,365	709,241
Demand loan payable to First Nation Bank of Canada, 4.10%, repayable in monthly installments of \$4,785 (P&I), due December 2022.	175,000	
Demand loan payable to First Nations Bank of Canada, variable rate, repayable in annual installments of \$190,956 plus interest, due April 2019.	251,189	381,911
Demand loan payable to First Nations Bank of Canada, 4.05%, repayable in annual installments of \$35,000 plus interest, due December 2020.	230,000	265,000
Demand loan payable to First Nations Bank of Canada, 3.70%, repayable in monthly installments of \$2,329 (P&I).	32,830	67,830
Demand loan payable to Ford Credit Canada, 2.99%, repayable in monthly installments of \$1,209 (P&I), due January 2021.	39,355	52,472
Demand loan payable to Ford Credit Canada, 0.0%, repayable in monthly installments of \$813 (P), due March 2020.	19,513	29,270
Demand loan payable to Ford Credit Canada, 0.0%, repayable in monthly installments of \$813 (P), due March 2020.	19,513	29,270
Demand loan payable to Ford Credit Canada, 0.0%, repayable in monthly installments of \$813 (P), due March 2020.	19,513	29,270
Demand loan payable to Ford Credit Canada, 0.0%, repayable in monthly installments of \$813 (P), due March 2020.	19,513	29,270
	<u>\$ 5,755,446</u>	<u>\$ 4,425,031</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, 2019	\$ 584,913
2020	567,626
2021	399,311
2022	391,452
2023	334,610

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2018**

**9. TANGIBLE CAPITAL ASSETS**

	Cost				Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Transfers	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2018	Total 2017
Buildings	\$ 19,130,509	\$ 7,276	\$	\$ 19,137,785	\$ 5,650,977	\$ 410,769	\$ 6,061,746	\$ 13,076,039	\$ 13,479,532
Construction in progress	3,131,897	4,360,479	3,131,897	4,360,479				4,360,479	3,131,897
CMHC Housing	4,175,390	749,600		4,924,990	909,157	145,021	1,054,178	3,870,812	3,266,233
Computer equipment	330,360			330,360	246,178	49,683	295,861	34,499	84,182
Furniture and equipment	123,965	7,908		131,873	101,373	6,210	107,583	24,290	22,592
Heavy equipment	513,004	56,283		569,287	116,074	54,115	170,189	399,098	396,930
Housing	19,260,157	488,400	(1,412,400)	21,160,957	10,806,492	564,130	11,370,622	9,790,335	8,453,665
Roads	1,213,242			1,213,242	473,793	24,265	498,058	715,184	739,449
Sewer systems	2,192,048			2,192,048	872,544	43,841	916,385	1,275,663	1,319,504
Vehicles	1,952,210	137,523		2,089,733	1,404,948	123,676	1,528,624	561,109	547,262
Water system	2,997,817	11,641,404	(1,719,497)	16,358,718	1,227,457	226,968	1,454,425	14,904,293	1,770,360
	\$ 55,020,599	\$ 17,448,873	\$ -	\$ 72,469,472	\$ 21,808,993	\$ 1,648,678	\$ 23,457,671	\$ 49,011,801	\$ 33,211,606

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2018**

### 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 INDIGENOUS SERVICES CANADA REVENUE

	2 0 1 8	2 0 1 7
Agreement No. 1617-MB-000019	\$ 17,731,491	\$ 11,081,064
Plus: Revenue deferred from previous years	4,147,146	503,000
Less: Revenue deferred to subsequent year	( 4,173,851)	( 4,147,146)
Less: Prior year recoveries		( 100,410)
Plus: 2018/19 Water treatment plant funding	<u>1,970,174</u>	-
 TOTAL ISC REVENUE PER FINANCIAL STATEMENTS	 <u>\$ 19,674,960</u>	 <u>\$ 7,336,508</u>

### 12. ECONOMIC DEPENDENCE

Pauingassi First Nation receives a major portion of its revenue pursuant to funding arrangements with Indigenous Services Canada and First Nations and Inuit Health Branch.

### 13. EXPENSES BY OBJECT

	2 0 1 8	2 0 1 7
Activity cost	\$ 1,110,646	\$ 867,705
Administration fees	157,835	167,455
Amortization	1,648,678	1,390,253
Insurance	104,380	108,228
Interest and bank charges	140,075	98,224
Other	286,422	710,435
Professional fees	331,316	389,203
Rent	12,249	15,967
Repairs and maintenance	394,905	899,203
Salaries and wages	2,564,025	2,508,450
Social assistance	1,125,550	1,127,769
Supplies	454,657	376,434
Travel	356,816	344,417
Utilities	339,367	286,166
Workshop and training	121,970	148,515
Eliminations	<u>( 304,901)</u>	<u>( 504,875)</u>
 	 <u>\$ 8,843,990</u>	 <u>\$ 8,933,549</u>

### 14. COMPARATIVE FIGURES

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

### 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	Revenues									
Federal Government										
ISC	\$ 568,909	\$ 458,178	\$ 1,306,728	\$ 1,318,194	\$ 1,458,007	\$ 1,515,077	\$ 273,613	\$ 676,203	\$ 16,067,703	\$ 3,354,856
CMHC	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,132</u>	<u>223,962</u>
Subtotal	568,909	458,178	1,306,728	1,318,194	1,458,007	1,515,077	273,613	676,203	16,242,835	3,578,818
Other revenue	<u>213,972</u>	<u>266,629</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>26,666</u>	<u>64,626</u>	<u>89,136</u>	<u>226,147</u>	<u>593,945</u>
Total revenue	<u>782,881</u>	<u>724,807</u>	<u>1,306,728</u>	<u>1,318,194</u>	<u>1,488,007</u>	<u>1,541,743</u>	<u>338,239</u>	<u>765,339</u>	<u>16,468,982</u>	<u>4,172,763</u>
Expenses										
Amortization		223,067				419,704			1,648,678	441,797
Debt servicing	18,142	8,502				257			59,537	40,482
Other	348,448	433,475	1,306,006	1,395,800	532,739	617,296	176,839	635,444	315,427	356,645
Salaries and benefits	<u>406,034</u>	<u>308,148</u>	<u>54,836</u>	<u>58,529</u>	<u>899,943</u>	<u>903,140</u>	<u>181,343</u>	<u>218,651</u>	<u>32,594</u>	<u>5,885</u>
Total expenses	<u>772,624</u>	<u>973,192</u>	<u>1,360,842</u>	<u>1,454,329</u>	<u>1,432,682</u>	<u>1,940,397</u>	<u>358,182</u>	<u>1,058,965</u>	<u>2,056,236</u>	<u>844,809</u>
Surplus (Deficit)	\$ <u>10,257</u>	\$ <u>(248,385)</u>	\$ <u>(54,114)</u>	\$ <u>(136,135)</u>	\$ <u>55,325</u>	\$ <u>(398,654)</u>	\$ <u>(19,943)</u>	\$ <u>(293,626)</u>	\$ <u>14,412,746</u>	\$ <u>3,327,954</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2018**

### 16. SEGMENT DISCLOSURE (continued)

	TRAINING AND DEVELOPMENT		HEALTH		BAND FUNDS		ELIMINATIONS		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Revenues</b>										
Federal Government										
ISC	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
FNIHB			1,451,546		14,000				19,674,960	
CMHC					1,054,168				1,451,546	
										7,336,508
										1,054,168
										223,962
Subtotal	-	-	1,451,546	1,068,168	-	-	-	-	21,301,638	8,614,638
Other revenue	251,823	368,623	79,632	79,008	2,274,438	1,560,119	(304,901)	(504,875)	2,835,737	2,479,251
<b>Total revenue</b>	<b>251,823</b>	<b>368,623</b>	<b>1,531,178</b>	<b>1,147,176</b>	<b>2,274,438</b>	<b>1,560,119</b>	<b>(304,901)</b>	<b>(504,875)</b>	<b>24,137,375</b>	<b>11,093,889</b>
<b>Expenses</b>										
Amortization					99,751					
Debt servicing					12	62,396				
Other						48,971				
Salaries and benefits	5,428	40,648	578,790	419,354	1,532,436	1,542,835	(304,901)	(504,875)	4,491,212	4,936,622
	246,395	329,323	710,110	626,967	32,770	57,807			2,564,025	2,508,450
Total expenses	251,823	369,971	1,288,900	1,146,084	1,627,602	1,650,677	(304,901)	(504,875)	8,843,990	8,933,549
<b>Surplus (Deficit)</b>	<b>\$ -</b>	<b>\$(1,348)</b>	<b>\$ 242,278</b>	<b>\$ 1,092</b>	<b>\$ 646,836</b>	<b>\$(90,558)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,293,385</b>	<b>\$ 2,160,340</b>