
DAUINGASSI FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

PAUINGASSI FIRST NATION

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MARCH 31, 2019

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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.

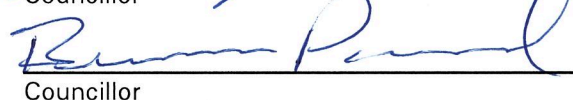
The external auditors, Baker Tilly HMA LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Pauingassi First Nation and meet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




Chief



Councillor



Councillor



Councillor

Councillor

Councillor

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INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership
Pauingassi First Nation

Opinion

We have audited the accompanying consolidated financial statements of Pauingassi First Nation, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Pauingassi First Nation as at March 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing Pauingassi First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Pauingassi First Nation or to cease operations, or has no realistic alternative but to do so.

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

(continued.....)

Auditors' Responsibility for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

Baker Tilly HMA LLP

Chartered Professional Accountants

Winnipeg, Manitoba
July 29, 2019

PAUINGASSI FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2019	2018
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FINANCIAL ASSETS

Cash	\$ 3,418,105	\$ 8,846,787
Restricted cash (Note 2)	147,220	189,784
Accounts receivable (Note 3)	810,430	2,413,811
Inventory (Note 4)	115,315	393,116
Investments (Note 5)	<u>3,282,132</u>	<u>3,387,068</u>
	<u>7,773,202</u>	<u>15,230,566</u>

LIABILITIES

Accounts payable and accrued liabilities (Note 6)	1,243,658	6,620,883
Deferred revenue (Note 7)	2,067,659	4,430,487
Long term debt (Note 8)	<u>6,841,397</u>	<u>5,755,446</u>
	<u>10,152,714</u>	<u>16,806,816</u>
Net debt	(<u>2,379,512</u>)	(<u>1,576,250</u>)

NON-FINANCIAL ASSETS


Tangible capital assets (Note 9)	57,901,440	49,011,801
Prepaid expenses	<u>14,933</u>	<u>277,430</u>
	<u>57,916,373</u>	<u>49,289,231</u>
Accumulated surplus	\$ <u>55,536,861</u>	\$ <u>47,712,981</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

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 1 9	2 0 1 8
REVENUE			
Indigenous Services Canada	\$ 11,052,361	\$ 13,807,262	\$ 19,674,960
First Nations and Inuit Health Branch	1,795,025	1,847,500	1,451,546
Canada Mortgage and Housing Corporation	220,000	233,629	175,132
First Peoples Development Inc.			53,873
Province of Manitoba	63,800	179,159	191,925
Band generated revenue	1,211,000	1,819,497	1,390,305
Rental	151,200	462,904	737,068
Other	779,420	881,859	767,467
Elimination of inter-department transactions	-	(397,579)	(304,901)
	<u>15,272,806</u>	<u>18,834,231</u>	<u>24,137,375</u>
EXPENSES			
Governance and administration	741,505	572,970	772,624
Social assistance	1,269,031	1,550,720	1,360,842
Education	1,730,666	1,735,354	1,432,682
Operations and maintenance	658,296	778,995	358,182
Capital and housing	5,718,375	2,685,401	2,053,236
Training and employment		174,741	251,823
Health	2,098,025	1,864,017	1,288,900
Band funds	1,935,000	2,045,732	1,630,602
Elimination of inter-department transactions	-	(397,579)	(304,901)
	<u>14,150,898</u>	<u>11,010,351</u>	<u>8,843,990</u>
ANNUAL SURPLUS	1,121,908	7,823,880	15,293,385
ACCUMULATED SURPLUS, <i>beginning of year</i>	-	<u>47,712,981</u>	<u>32,419,596</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 1,121,908</u>	<u>\$ 55,536,861</u>	<u>\$ 47,712,981</u>

PAUINGASSI FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 1 9	2 0 1 8
Annual surplus	\$ <u>1,121,908</u>	\$ <u>7,823,880</u>	\$ <u>15,293,385</u>
Acquisition of tangible capital assets and construction in progress		(<u>10,929,030</u>)	(<u>17,448,873</u>)
Amortization of tangible capital assets	<u>-</u>	<u>2,039,391</u>	<u>1,648,678</u>
	<u>-</u>	(<u>8,889,639</u>)	(<u>15,800,195</u>)
Acquisition of prepaid expenses		(<u>14,933</u>)	(<u>277,430</u>)
Use of prepaid expenses	<u>-</u>	<u>277,430</u>	<u>141,665</u>
	<u>-</u>	<u>262,497</u>	(<u>135,765</u>)
CHANGE IN NET DEBT FOR YEAR	1,121,908	(<u>803,262</u>)	(<u>642,575</u>)
NET DEBT, <i>beginning of year</i>	<u>-</u>	(<u>1,576,250</u>)	(<u>933,675</u>)
NET DEBT, <i>end of year</i>	\$ <u>1,121,908</u>	\$ (<u>2,379,512</u>)	\$ (<u>1,576,250</u>)

PAUINGASSI FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2019	2018
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from Indigenous Services Canada	\$ 13,008,786	\$ 17,703,091
Cash received from other sources	4,303,852	3,835,761
Cash paid to suppliers and employees	(13,702,951)	(7,672,393)
	<u>3,609,687</u>	<u>13,866,459</u>
<i>CAPITAL TRANSACTIONS</i>		
Acquisition of tangible capital assets	(10,929,030)	(11,386,085)
<i>INVESTING ACTIVITY</i>		
South Beach Casino income distribution received	<u>762,146</u>	<u>908,022</u>
<i>FINANCING ACTIVITIES</i>		
Proceeds from long term debt	1,284,577	1,757,178
Repayment of long term debt	(198,626)	(426,763)
	<u>1,085,951</u>	<u>1,330,415</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	(5,471,246)	4,718,811
CASH, <i>beginning of year</i>	<u>9,036,571</u>	<u>4,317,760</u>
CASH, <i>end of year</i>	\$ <u><u>3,565,325</u></u>	\$ <u><u>9,036,571</u></u>
CASH COMPRISED OF		
Cash	\$ 3,418,105	\$ 8,846,787
Restricted cash	<u>147,220</u>	<u>189,784</u>
	\$ <u><u>3,565,325</u></u>	\$ <u><u>9,036,571</u></u>

PAUINGASSI FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

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, 2019

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.

REVENUE RECOGNITION

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, 2019

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, 2019

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 \$42,681. 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, 2019 there is an accumulated balance of \$364,630 for this reserve, there is \$145,488 in the replacement reserve bank account and \$219,142 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 9	2 0 1 8
Indigenous Services Canada Trust	\$ 1,732	\$ 44,296
CMHC Replacement Reserve	<u>145,488</u>	<u>145,488</u>
	<u>\$ 147,220</u>	<u>\$ 189,784</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019
3. ACCOUNTS RECEIVABLE

	2 0 1 9	2 0 1 8
Indigenous Services Canada		
Landfill	\$	\$ 2,000
Water Treatment Plant 18/19		1,996,574
Basic Needs	42,600	
Recovery - Manitoba Wildfire	98,876	
Recovery - White Goods Safe Removal	27,362	
Planning Design and Construction	80,000	
Other Protection (Insurance)	41,138	
Major Renovations - Plumbing, Electrical and Labour	63,413	
Canada Mortgage and Housing Corporation	5,433	
First People Development Fund		53,243
Goods and services tax	19,322	15,884
Norwin Construction		10,000
Province of Manitoba	101,035	74,464
Province of Ontario	6,822	
South East Child and Family Services		6,306
South East Resource and Development	64,091	29,208
Trade, member and other receivables	<u>369,362</u>	<u>335,156</u>
	919,454	2,522,835
Less: Allowance for doubtful accounts	(109,024)	(109,024)
	<u>\$ 810,430</u>	<u>\$ 2,413,811</u>

4. INVENTORY

	2 0 1 9	2 0 1 8
Fuel	<u>\$ 115,315</u>	<u>\$ 393,116</u>

5. INVESTMENTS

	2 0 1 9	2 0 1 8
Pauingassi First Nation Construction Inc.	\$(16,779)	\$(14,019)
South Beach Casino LP	<u>3,298,911</u>	<u>3,401,087</u>
	<u>\$ 3,282,132</u>	<u>\$ 3,387,068</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 9	2 0 1 8
Indigenous Services Canada		
Basic Needs	\$ 84,781	\$ 84,781
Accrued liabilities	167,789	135,656
Capital project payables	720,640	6,065,788
Trade and other payables	<u>270,448</u>	<u>334,658</u>
	<u>\$ 1,243,658</u>	<u>\$ 6,620,883</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

7. DEFERRED REVENUE

	2 0 1 9	2 0 1 8
Indigenous Services Canada		
Capacity Innovation	\$ 20,000	\$
Community Based Initiative	27,805	
Infrastructure Construction Landfill	891,660	
Lagoon Project	696,395	
Water Treatment Plant Project	94,330	4,173,851
First Nations and Inuit Health		
Accreditation	50,200	20,200
Jordan's Principle	<u>287,269</u>	<u>236,436</u>
	<u>\$ 2,067,659</u>	<u>\$ 4,430,487</u>

8. LONG TERM DEBT

	2 0 1 9	2 0 1 8
Mortgage payable to CMHC, 1.05%, repayable in monthly installments of \$4,310 (P&I), due April 2020.	\$ 533,284	\$ 579,154
Mortgage payable to CMHC, 2.48%, repayable in monthly installments of \$2,010 (P&I), due August 2023.	288,106	305,354
Mortgage payable to CMHC, 2.48%, repayable in monthly installments of \$3,225 (P&I), due August 2023.	464,525	492,147
Mortgage payable to CMHC, 1.01%, repayable in monthly installments of \$2,183 (P&I), due February 2021.	405,390	427,379
Mortgage payable to CMHC, 2.11%, repayable in monthly installments of \$2,231 (P&I), due May 2019.	432,138	449,629
Mortgage payable to CMHC, 1.44%, repayable in monthly installments of \$1,783 (P&I), due February 2022.	417,535	432,814
Mortgage payable to CMHC, 2.39%, repayable in monthly installments of \$3,231 (P&I), due March 2023.	708,538	730,178
Mortgage payable to CMHC, 2.21%, repayable in monthly installments of \$2,687 (P&I), due February 2024.	617,936	
Term loan payable to First Nations Bank of Canada, prime plus 1.25%, repayable in annual installments of \$61,000 plus interest, due May 2021.	183,000	244,000
Term loan payable to First Nations Bank of Canada, prime plus 1.5%, repayable in monthly installments of \$4,167 (P&I), due April 2019.	950,000	608,000
Term loan payable to First Nations Bank of Canada, prime plus 1.25%, repayable in monthly installments of \$4,785 (P&I), due April 2019.	650,282	680,365
Term loan payable to First Nation Bank of Canada, prime plus 1.25%, repayable in annual installments of \$35,000 plus interest, due December 2022.	140,000	175,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

8. LONG TERM DEBT (continued)

	2 0 1 9	2 0 1 8
Term loan payable to First Nations Bank of Canada, prime plus 1%, repayable in annual installments of \$190,956 plus interest, due May 2019.	125,795	251,189
Term loan payable to First Nations Bank of Canada, prime plus 1.25%, repayable in annual installments of \$35,000 plus interest, due December 2020.	195,000	230,000
Term loan payable to First Nations Bank of Canada, 3.70%, repayable in monthly installments of \$2,329 (P&I).		32,830
Demand loan payable to Ford Credit Canada, 2.99%, repayable in monthly installments of \$1,209 (P&I), due January 2021.	25,844	39,355
Demand loan payable to Ford Credit Canada, 0.0%, repayable in monthly installments of \$813 (P), due March 2020.	9,756	19,513
Demand loan payable to Ford Credit Canada, 0.0%, repayable in monthly installments of \$813 (P), due March 2020.	9,756	19,513
Demand loan payable to Ford Credit Canada, 0.0%, repayable in monthly installments of \$813 (P), due March 2020.	9,756	19,513
Demand loan payable to Ford Credit Canada, 0.0%, repayable in monthly installments of \$813 (P), due March 2020.	9,756	19,513
Demand loan payable to First Nations Bank of Canada, prime plus 1.5%.	<u>665,000</u>	<u>-</u>
	<u>\$ 6,841,397</u>	<u>\$ 5,755,446</u>

Mortgages payable to Canada Mortgage and Housing Corporation are secured by the specific assets financed and a ministerial guaranteed by Indigenous Services 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, 2020	\$ 584,913
2021	567,626
2022	399,311
2023	391,452
2024	334,610

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

9. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Transfers	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2019	Total 2018
Buildings	\$ 19,137,785	\$	\$	\$ 19,137,785	\$ 6,061,746	\$ 410,952	\$ 6,472,698	\$ 12,665,087	\$ 13,076,039
Construction in progress	4,360,479	708,340	4,360,479	708,340				708,340	4,360,479
CMHC Housing	4,924,990	619,577		5,544,567	1,054,178	168,017	1,222,195	4,322,372	3,870,812
Computer equipment	330,360			330,360	295,861	26,193	322,054	8,306	34,499
Furniture and equipment	131,873			131,873	107,583	3,976	111,559	20,314	24,290
Heavy equipment	569,287			569,287	170,189	54,250	224,439	344,848	399,098
Housing	21,160,957	392,000	(784,500)	22,337,457	11,370,622	619,844	11,990,466	10,346,991	9,790,335
Roads	1,213,242			1,213,242	498,058	24,265	522,323	690,919	715,184
Sewer systems	2,192,048	8,843,941	(3,575,979)	14,611,968	916,385	199,202	1,115,587	13,496,381	1,275,663
Vehicles	2,089,733	189,678		2,279,411	1,528,624	138,324	1,666,948	612,463	561,109
Water system	16,358,718	175,494		16,534,212	1,454,425	394,368	1,848,793	14,685,419	14,904,293
	<u>\$ 72,469,472</u>	<u>\$ 10,929,030</u>	<u>\$ -</u>	<u>\$ 83,398,502</u>	<u>\$ 23,457,671</u>	<u>\$ 2,039,391</u>	<u>\$ 25,497,062</u>	<u>\$ 57,901,440</u>	<u>\$ 49,011,801</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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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 9	2 0 1 8
Agreement No. 1718-MB-000045	\$ 13,333,775	\$ 17,731,491
Plus: Revenue deferred from previous years	4,173,851	4,147,146
Less: Revenue deferred to subsequent year	(1,730,190)	(4,173,851)
Less: 2017/18 Water treatment plant funding receivable	(1,970,174)	
Plus: 2018/19 Water treatment plant funding receivable	<u>-</u>	<u>1,970,174</u>
TOTAL ISC REVENUE PER FINANCIAL STATEMENTS	\$ <u>13,807,262</u>	\$ <u>19,674,960</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 9	2 0 1 8
Administration fees	\$ 203,527	\$ 157,835
Amortization of capital assets	2,039,391	1,648,678
Community events and assistance	1,210,118	1,110,646
Donations	6,632	
Fuel	175,866	79,186
Insurance	114,485	142,872
Interest and bank charges	167,895	140,075
Other	304,227	286,421
Professional fees	505,779	331,316
Rent	49,305	12,249
Repairs and maintenance	392,855	406,284
Salaries and wages	3,307,081	2,552,647
Social assistance	1,391,290	1,264,600
Supplies	825,590	454,657
Travel	401,550	239,138
Utilities	235,163	200,317
Workshop and training	77,176	121,970
Eliminations	(397,579)	(304,901)
	\$ <u>11,010,351</u>	\$ <u>8,843,990</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, 2019

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	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues										
Federal Government										
ISC	\$ 521,826	\$ 568,909	\$ 1,562,667	\$ 1,306,728	\$ 1,729,485	\$ 1,458,007	\$ 664,147	\$ 273,613	\$ 9,315,137	\$ 16,067,703
CMHC	-	-	-	-	-	-	-	-	233,629	175,132
Subtotal	521,826	568,909	1,562,667	1,306,728	1,729,485	1,458,007	664,147	273,613	9,548,766	16,242,835
Other revenue	<u>266,982</u>	<u>213,972</u>	<u>-</u>	<u>-</u>	<u>7,081</u>	<u>30,000</u>	<u>104,190</u>	<u>64,626</u>	<u>194,053</u>	<u>226,147</u>
Total revenue	<u>788,808</u>	<u>782,881</u>	<u>1,562,667</u>	<u>1,306,728</u>	<u>1,736,566</u>	<u>1,488,007</u>	<u>768,337</u>	<u>338,239</u>	<u>9,742,819</u>	<u>16,468,982</u>
Expenses										
Amortization									2,039,391	1,648,678
Debt servicing	32,343	18,142							62,351	59,537
Other	203,132	348,448	1,454,135	1,306,006	470,074	532,739	537,618	176,839	524,329	312,427
Salaries and benefits	<u>337,495</u>	<u>406,034</u>	<u>96,585</u>	<u>54,836</u>	<u>1,265,280</u>	<u>899,943</u>	<u>241,377</u>	<u>181,343</u>	<u>59,330</u>	<u>32,594</u>
Total expenses	<u>572,970</u>	<u>772,624</u>	<u>1,550,720</u>	<u>1,360,842</u>	<u>1,735,354</u>	<u>1,432,682</u>	<u>778,995</u>	<u>358,182</u>	<u>2,685,401</u>	<u>2,053,236</u>
Surplus (Deficit)	\$ <u>215,838</u>	\$ <u>10,257</u>	\$ <u>11,947</u>	\$ <u>(54,114)</u>	\$ <u>1,212</u>	\$ <u>55,325</u>	\$ <u>(10,658)</u>	\$ <u>(19,943)</u>	\$ <u>7,057,418</u>	\$ <u>14,415,746</u>

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15. SEGMENT DISCLOSURE (continued)

	TRAINING AND EMPLOYMENT		HEALTH		BAND FUNDS		ELIMINATIONS		TOTAL	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues										
Federal Government										
ISC	\$	\$	\$ 14,000	\$	\$	\$	\$	\$	\$ 13,807,262	\$ 19,674,960
FNIHB			1,847,500	1,451,546					1,847,500	1,451,546
CMHC	-	-	-	-	-	-	-	-	233,629	175,132
Subtotal	-	-	1,861,500	1,451,546	-	-	-	-	15,888,391	21,301,638
Other revenue	174,741	251,823	88,385	79,632	2,507,987	2,274,438	(397,579)	(304,901)	2,945,840	2,835,737
Total revenue	174,741	251,823	1,949,885	1,531,178	2,507,987	2,274,438	(397,579)	(304,901)	18,834,231	24,137,375
Expenses										
Amortization									2,039,391	1,648,678
Debt servicing					73,201	62,396			167,895	140,075
Other	7,818	5,428	766,263	593,168	1,930,194	1,532,436	(397,579)	(304,901)	5,495,984	4,502,590
Salaries and benefits	166,923	246,395	1,097,754	698,732	42,337	32,770	-	-	3,307,081	2,552,647
Total expenses	174,741	251,823	1,864,017	1,291,900	2,045,732	1,627,602	(397,579)	(304,901)	11,010,351	8,843,990
Surplus (Deficit)	\$ -	\$ -	\$ 85,868	\$ 239,278	\$ 462,255	\$ 646,836	\$ -	\$ -	\$ 7,823,880	\$ 15,293,385