
DAUINGASSI FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021

PAUINGASSI FIRST NATION

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MARCH 31, 2021

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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

Baker Tilly HMA LLP
701 - 330 Portage Avenue
Winnipeg, MB R3C 0C4

T: 204.989.2229
TF: 1.866.730.4777
F: 204.944.9923

winnipeg@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITOR'S 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, 2021, 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, 2021, 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.....)

Auditor's 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
August 26, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2021

2020

FINANCIAL ASSETS

Cash	\$ 7,562,131	\$ 5,101,628
Restricted cash (Note 2)	454,535	219,386
Accounts receivable (Note 3)	1,358,290	1,368,979
Inventory (Note 4)	673,591	239,633
Investments (Note 5)	<u>1,826,870</u>	<u>3,028,422</u>
	<u>11,875,417</u>	<u>9,958,048</u>

LIABILITIES

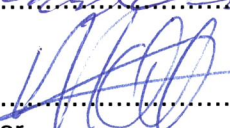
Accounts payable and accrued liabilities (Note 6)	2,644,760	1,513,446
Deferred revenue (Note 7)	4,001,725	5,219,620
Long term debt (Note 8)	<u>9,037,665</u>	<u>8,053,559</u>
	<u>15,684,150</u>	<u>14,786,625</u>
Net debt	(3,808,733)	(4,828,577)

NON-FINANCIAL ASSETS

Tangible capital assets (Note 9)	71,825,852	62,252,952
Prepaid expenses	<u>121,500</u>	<u>95,176</u>
	<u>71,947,352</u>	<u>62,348,128</u>
Accumulated surplus	\$ <u>68,138,619</u>	\$ <u>57,519,551</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 2 1	2 0 2 0
REVENUE			
Indigenous Services Canada	\$ 11,804,667	\$ 14,130,885	\$ 8,870,680
First Nations and Inuit Health	3,114,293	7,652,812	2,066,678
Canada Mortgage and Housing Corporation	712,581	267,475	337,703
Employment and Social Development Canada	434,004	208,199	192,467
Province of Manitoba	119,601	111,310	61,484
Assembly of Manitoba Chiefs	366,784	366,784	
Band generated revenue	1,700,000	1,602,556	1,061,836
Rental	271,100	290,427	407,806
South Beach Casino Partnership income			607,542
Other	772,778	980,395	494,486
Elimination of inter-department transactions	-	(587,136)	(585,258)
	<u>19,295,808</u>	<u>25,023,707</u>	<u>13,515,424</u>
EXPENSES			
Governance and administration	977,815	950,672	666,645
Social assistance	2,197,112	1,904,077	1,575,262
Education	2,367,486	2,098,530	1,929,416
Operations and maintenance	632,826	535,586	725,925
Capital and housing	6,307,368	3,833,221	2,882,226
Training and employment	434,004	208,199	192,467
Health	3,801,722	2,604,022	2,001,457
Band funds	2,577,475	2,857,468	2,144,594
Elimination of inter-department transactions	-	(587,136)	(585,258)
	<u>19,295,808</u>	<u>14,404,639</u>	<u>11,532,734</u>
ANNUAL SURPLUS		10,619,068	1,982,690
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>57,519,551</u>	<u>57,519,551</u>	<u>55,536,861</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 57,519,551</u>	<u>\$ 68,138,619</u>	<u>\$ 57,519,551</u>

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 2 1	2 0 2 0
Annual surplus	\$ _____ -	\$ <u>10,619,068</u>	\$ <u>1,982,690</u>
Acquisition of tangible capital assets and construction in progress		(<u>12,131,425</u>)	(<u>6,655,465</u>)
Amortization of tangible capital assets	_____ -	<u>2,558,525</u>	<u>2,303,953</u>
	_____ -	(<u>9,572,900</u>)	(<u>4,351,512</u>)
Acquisition of prepaid expenses		(<u>121,500</u>)	(<u>95,176</u>)
Use of prepaid expenses	_____ -	<u>95,176</u>	<u>14,933</u>
	_____ -	(<u>26,324</u>)	(<u>80,243</u>)
CHANGE IN NET DEBT FOR YEAR		1,019,844	(<u>2,449,065</u>)
NET DEBT, <i>beginning of year</i>	(<u>4,828,577</u>)	(<u>4,828,577</u>)	(<u>2,379,512</u>)
NET DEBT, <i>end of year</i>	\$ (<u>4,828,577</u>)	\$ (<u>3,808,733</u>)	\$ (<u>4,828,577</u>)

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31

	2 0 2 1	2 0 2 0
CASH FLOW FROM		
OPERATING ACTIVITIES		
Cash received from Indigenous Services Canada	\$ 13,272,225	\$ 11,093,504
Cash received from other sources	10,544,276	4,245,332
Cash paid to suppliers and employees	(10,185,362)	(8,909,844)
	<u>13,631,139</u>	<u>6,428,992</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(12,131,425)	(6,655,465)
INVESTING ACTIVITY		
South Beach Casino income distribution received	<u>211,832</u>	<u>770,000</u>
FINANCING ACTIVITIES		
Proceeds from long term debt	1,529,027	2,235,225
Repayment of long term debt	(544,921)	(1,023,063)
	<u>984,106</u>	<u>1,212,162</u>
NET INCREASE IN CASH DURING YEAR	2,695,652	1,755,689
CASH, beginning of year	<u>5,321,014</u>	<u>3,565,325</u>
CASH, end of year	<u>\$ 8,016,666</u>	<u>\$ 5,321,014</u>
CASH COMPRISED OF		
Cash	\$ 7,562,131	\$ 5,101,628
Restricted cash	<u>454,535</u>	<u>219,386</u>
	<u>\$ 8,016,666</u>	<u>\$ 5,321,014</u>

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 and prepaid expenses.

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, 2021

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

Portfolio investments are recorded at fair market value. Pauingassi's investments in various commercial enterprises are accounted for using the modified equity method. Under the modified equity method, the cost of the investments are adjusted for Pauingassi's share of the commercial enterprises' income or loss less dividends.

NET DEBT

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net assets (debt) of the First Nation is determined by its financial assets less liabilities. Net assets (debt) combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

TANGIBLE CAPITAL ASSETS

Tangible capital assets are stated at cost and recorded in the capital assets. Social housing assets acquired under Canada Mortgage and Housing Corporation sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long term debt. Amortization of tangible capital assets is recorded on a straight line basis at the following annual rates;

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.

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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

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, 2021

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 \$46,349. 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, 2021 there is an accumulated balance of \$525,799 for this reserve, there is \$452,755 in the replacement reserve bank account and \$1,349 remains unfunded and due from the operating fund.

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

	2 0 2 1	2 0 2 0
Indigenous Services Canada Trust	\$ 1,780	\$ 1,760
CMHC Replacement Reserve	<u>452,755</u>	<u>217,626</u>
	<u>\$ 454,535</u>	<u>\$ 219,386</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
3. ACCOUNTS RECEIVABLE

	2 0 2 1	2 0 2 0
Indigenous Services Canada		
Preparedness/ Mitigation	\$ 11,500	\$ 11,500
School Renovation Project	90,927	491,107
Community Buildings		26,595
Contribution Equipment - Consolidated Equipment		126,105
Contribution Equipment - Grader Loan		61,000
Basic Needs	62,000	51,073
Basic Needs - Covid 19		33,045
Response - Covid 19	22,976	44,972
Other Protection (Insurance)		50,000
Major Renovations - Plumbing, Electrical and Labour		50,700
First Nation Inuit Health	100,487	16,491
Assembly of Manitoba Chiefs	248,211	
Canada Mortgage and Housing Corporation	8,923	
Goods and services tax	36,044	19,759
Norwin Construction	20,982	
Northwest Company	41,531	
Province of Manitoba	196,918	62,629
South East Resource and Development	64,471	93,847
Trade and other receivables	<u>462,131</u>	<u>339,180</u>
	1,367,101	1,478,003
Less: Allowance for doubtful accounts	(8,811)	(109,024)
	<u>\$ 1,358,290</u>	<u>\$ 1,368,979</u>

4. INVENTORY

	2 0 2 1	2 0 2 0
Fuel	\$ 232,613	\$ 239,633
Gravel	<u>440,978</u>	<u>-</u>
	<u>\$ 673,591</u>	<u>\$ 239,633</u>

5. INVESTMENTS

	2 0 2 1	2 0 2 0
Pauingassi First Nation Construction Inc.	\$ 4,358	\$ (16,899)
South Beach Casino LP	<u>1,822,512</u>	<u>3,045,321</u>
	<u>\$ 1,826,870</u>	<u>\$ 3,028,422</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 1	2 0 2 0
Indigenous Services Canada		
Basic Needs	\$ 87,781	\$
Accrued liabilities	53,291	173,441
Capital project payables	800,854	566,547
Trade and other payables	<u>1,702,834</u>	<u>773,458</u>
	<u>\$ 2,644,760</u>	<u>\$ 1,513,446</u>

7. DEFERRED REVENUE

	2 0 2 1	2 0 2 0
Indigenous Services Canada		
Capacity Building Enhancement	\$	\$ 15,500
Capital and Housing		40,000
Community Based Initiative		44,118
Housing Project - 8 Units	387,100	410,500
Housing Renovations - 7 Units		254,997
Housing Repairs	200,000	
Infrastructure Construction Landfill	1,570,764	1,769,631
Lagoon Project		437,983
Preparedness/ Mitigation		11,500
School Renovations	770,504	1,561,493
First Nations and Inuit Health		
Accreditation Services		80,200
Health Centre Project	1,073,357	
Covid 19		44,972
Jordan's Principle	<u>-</u>	<u>548,726</u>
	<u>\$ 4,001,725</u>	<u>\$ 5,219,620</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

8. LONG TERM DEBT

	2 0 2 1	2 0 2 0
Mortgage payable to CMHC, 0.68%, repayable in monthly installments of \$4,235 (P&I), due October 2025.	\$ 439,569	\$ 486,943
Mortgage payable to CMHC, 2.48%, repayable in monthly installments of \$2,010 (P&I), due August 2023.	253,270	270,917
Mortgage payable to CMHC, 2.48%, repayable in monthly installments of \$3,225 (P&I), due August 2023.	408,748	437,004
Mortgage payable to CMHC, 1.01%, repayable in monthly installments of \$2,075 (P&I), due August 2021.	360,660	383,188
Mortgage payable to CMHC, 1.67%, repayable in monthly installments of \$2,142 (P&I), due July 2024.	394,798	413,775
Mortgage payable to CMHC, 1.44%, repayable in monthly installments of \$1,783 (P&I), due February 2022.	386,310	402,047
Mortgage payable to CMHC, 2.39%, repayable in monthly installments of \$3,231 (P&I), due March 2023.	663,684	686,414
Mortgage payable to CMHC, 2.21%, repayable in monthly installments of \$2,687 (P&I), due February 2024.	579,848	599,131
Mortgage payable to CMHC, 0.80%, repayable in monthly installments of \$3,350 (P&I), due May 2025.	883,273	455,536
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.	61,000	122,000
Term loan payable to First Nations Bank of Canada, prime plus 1.5%, repayable in annual installments of \$100,000 plus interest, due May 2022.	185,000	285,000
Term loan payable to First Nations Bank of Canada, prime plus 1.5%, repayable in annual installments, due April 2021.		646,000
Term loan payable to First Nations Bank of Canada, prime plus 1.5%, repayable in annual installments, due April 2021.		90,250
Term loan payable to First Nations Bank of Canada, 4.38%, repayable in monthly installments of \$4,785 (P&I), due June 2024.	587,430	619,460
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.	70,000	105,000
Term loan payable to First Nation Bank of Canada, prime plus 1.25%, repayable in annual installments of \$50,000 plus interest, due December 2038.	850,000	900,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

8. LONG TERM DEBT *(continued)*

Term loan payable to First Nations Bank of Canada, prime plus 1.25%, repayable in annual installments of \$35,000 plus interest, due December 2024.	125,000	160,000
Term loan payable to First Nations Bank of Canada, 4.55%, repayable in annual installments of \$52,025 plus interest, due March 2026.	1,040,500	
Term loan payable to First Nations Bank of Canada, 4.55%, repayable in monthly installments of \$3,550 (P&I), due March 2041.	558,500	
Term loan payable to First Nations Bank of Canada, 4.55%, repayable in annual installments of \$10,555 plus interest, due March 2041.	211,100	
Demand loan payable to First Nations Bank of Canada, prime plus 1.50%, repayable in annual installments of \$51,525 plus interest from South Beach Casino dividends, due December 2024.	978,975	978,977
Demand loan payable to Ford Credit Canada, 2.99%, repayable in monthly installments of \$1,209 (P&I), due January 2021.	-	11,917
	<u>\$ 9,037,665</u>	<u>\$ 8,053,559</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, 2022	\$ 672,500
2023	602,302
2024	488,274
2025	479,423
2026	465,756

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

9. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Transfers	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2021	Total 2020
Buildings	20,583,078	\$ 3,703,349	\$ 262,808	\$ 24,549,235	\$ 6,898,103	\$ 521,637	\$ 7,419,740	\$ 17,129,495	\$ 13,684,975
Construction in progress	3,656,079	7,153,960	(2,983,810)	7,826,229				7,826,229	3,656,079
CMHC Housing	5,544,567	527,681	910,902	6,983,150	1,410,224	219,975	1,630,199	5,352,951	4,134,343
Computer equipment	345,411			345,411	328,730	6,104	334,834	10,577	16,681
Furniture and equipment	131,873			131,873	115,535	3,976	119,511	12,362	16,338
Heavy equipment	854,287	176,500		1,030,787	290,260	97,721	387,981	642,806	564,027
Housing	23,570,957		1,810,100	25,381,057	12,654,884	675,178	13,330,062	12,050,995	10,916,073
Roads	1,213,242			1,213,242	546,386	23,861	570,247	642,995	666,856
Sewer systems	15,293,938			15,293,938	1,159,428	690,411	1,849,839	13,444,099	14,134,510
Vehicles	2,352,551	569,935		2,922,486	1,833,573	240,974	2,074,547	847,939	518,978
Water system	16,507,983	-	-	16,507,983	2,563,891	78,688	2,642,579	13,865,404	13,944,092
	<u>\$ 90,053,966</u>	<u>\$ 12,131,425</u>	<u>\$ -</u>	<u>\$ 102,185,391</u>	<u>\$ 27,801,014</u>	<u>\$ 2,558,525</u>	<u>\$ 30,359,539</u>	<u>\$ 71,825,852</u>	<u>\$ 62,252,952</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 2 1	2 0 2 0
Agreement No. 2021-MB-000027	\$ 12,449,650	\$ 11,787,042
Plus: Revenue deferred from previous years	4,590,693	1,730,190
Prior year Basic Needs top-up funding	18,910	
Less: Revenue deferred to subsequent year	(2,928,368)	(4,590,693)
Less: I.S.C. Recoveries	<u>-</u>	<u>(55,859)</u>
Total I.S.C. Revenue Per Financial Statements	<u>14,130,885</u>	<u>8,870,680</u>
Agreement No. 1617-MB-000019	3,114,293	2,358,135
Plus: Revenue deferred from previous years	628,926	337,469
Health Centre Project funding directed to Shawano Consulting	4,982,950	
Less: Revenue deferred to subsequent year	<u>(1,073,357)</u>	<u>(628,926)</u>
Total F.N.I.H. Revenue Per Financial Statements	<u>7,652,812</u>	<u>2,066,678</u>
TOTAL I.S.C. AND F.N.I.H. REVENUE PER FINANCIAL STATEMENTS	\$ <u>21,783,697</u>	\$ <u>10,937,358</u>

12. ECONOMIC DEPENDENCE

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

13. EXPENSES BY OBJECT

	2 0 2 1	2 0 2 0
Administration fees	\$ 335,058	\$ 423,450
Amortization of capital assets	2,558,525	2,303,953
Community events and assistance	1,174,820	1,393,061
Equipment and supplies	618,403	572,675
Fuel	413,193	211,043
Insurance	147,089	98,349
Interest on long term debt	291,981	214,617
Loss on investments	989,720	
Other	131,205	293,947
Professional fees	576,483	451,696
Rent	139,014	85,214
Repairs and maintenance	1,216,937	514,921
Salaries and benefits	4,283,229	3,348,687
Social assistance	1,701,544	1,354,919
Travel	199,264	574,330
Utilities	215,310	270,886
Workshop and training		6,244
Eliminations	(587,136)	(585,258)
	<u>\$ 14,404,639</u>	<u>\$ 11,532,734</u>

14. COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in economic downturn. This outbreak may also cause staff shortages, reduced demand, increased government regulations or interventions, all of which may negatively impact the financial condition or results of operations of the First Nation. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

15. 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, 2021

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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues										
Federal Government										
ISC	\$ 887,722	\$ 557,006	\$ 2,165,223	\$ 1,556,292	\$ 2,352,882	\$ 2,016,985	\$ 590,463	\$ 759,035	\$ 7,581,445	\$ 3,967,362
FNIHB									3,909,593	
CMHC	-	-	-	-	-	-	-	-	267,475	337,703
Subtotal	887,722	557,006	2,165,223	1,556,292	2,352,882	2,016,985	590,463	759,035	11,758,513	4,305,065
Other revenue	140,097	279,342	-	-	13,681	6,669	71,642	156,574	343,506	289,709
Total revenue	<u>1,027,819</u>	<u>836,348</u>	<u>2,165,223</u>	<u>1,556,292</u>	<u>2,366,563</u>	<u>2,023,654</u>	<u>662,105</u>	<u>915,609</u>	<u>12,102,019</u>	<u>4,594,774</u>
Expenses										
Amortization									2,558,525	2,303,953
Debt servicing		17,749				3,883		1,500	71,508	70,719
Other	456,421	282,150	1,788,237	1,444,486	635,992	762,198	240,188	491,532	1,124,398	474,086
Salaries and benefits	494,251	366,746	115,840	130,776	1,462,538	1,163,335	295,398	232,893	78,790	33,468
Total expenses	<u>950,672</u>	<u>666,645</u>	<u>1,904,077</u>	<u>1,575,262</u>	<u>2,098,530</u>	<u>1,929,416</u>	<u>535,586</u>	<u>725,925</u>	<u>3,833,221</u>	<u>2,882,226</u>
Surplus (Deficit)	<u>\$ 77,147</u>	<u>\$ 169,703</u>	<u>\$ 261,146</u>	<u>\$ (18,970)</u>	<u>\$ 268,033</u>	<u>\$ 94,238</u>	<u>\$ 126,519</u>	<u>\$ 189,684</u>	<u>\$ 8,268,798</u>	<u>\$ 1,712,548</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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16. SEGMENT DISCLOSURE (continued)

	TRAINING AND EMPLOYMENT		HEALTH		BAND FUNDS		ELIMINATIONS		TOTAL	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues										
Federal Government										
ISC	\$ 18,277	\$	\$ 534,873	\$ 14,000	\$	\$	\$	\$	\$ 14,130,885	\$ 8,870,680
FNIH			3,743,219	2,066,678					7,652,812	2,066,678
CMHC									267,475	337,703
ESDC	<u>208,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,199</u>	<u>-</u>
Subtotal	226,476	-	4,278,092	2,080,678	-	-	-	-	22,259,371	11,275,061
Other revenue	<u>366,784</u>	<u>-</u>	<u>166,084</u>	<u>83,583</u>	<u>2,249,678</u>	<u>1,817,277</u>	<u>(587,136)</u>	<u>(585,258)</u>	<u>2,764,336</u>	<u>2,047,896</u>
Total revenue	<u>593,260</u>	<u>-</u>	<u>4,444,176</u>	<u>2,164,261</u>	<u>2,249,678</u>	<u>1,817,277</u>	<u>(587,136)</u>	<u>(585,258)</u>	<u>25,023,707</u>	<u>13,322,957</u>
Expenses										
Amortization									2,558,525	2,303,953
Debt servicing				3,127	220,473	117,640			291,981	214,618
Other	32,142	19,543	1,133,762	822,553	2,446,900	1,954,189	(587,136)	(585,258)	7,270,904	5,665,479
Salaries and benefits	<u>176,057</u>	<u>172,924</u>	<u>1,470,260</u>	<u>1,175,777</u>	<u>190,095</u>	<u>72,765</u>	<u>-</u>	<u>-</u>	<u>4,283,229</u>	<u>3,348,684</u>
Total expenses	<u>208,199</u>	<u>192,467</u>	<u>2,604,022</u>	<u>2,001,457</u>	<u>2,857,468</u>	<u>2,144,594</u>	<u>(587,136)</u>	<u>(585,258)</u>	<u>14,404,639</u>	<u>11,532,734</u>
Surplus (Deficit)	<u>\$ 385,061</u>	<u>\$ (192,467)</u>	<u>\$ 1,840,154</u>	<u>\$ 162,804</u>	<u>\$ (607,790)</u>	<u>\$ (327,317)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,619,068</u>	<u>\$ 1,790,223</u>