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PAUINGASSI FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

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# PAUINGASSI FIRST NATION

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MARCH 31, 2023

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## **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, 2023, and the consolidated statements of operations, change in net assets 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, 2023, 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  
November 2, 2023

 **bakertilly**

## 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

Bonnie D. Dall  
Councillor  
Councillor  
Councillor

# PAUINGASSI FIRST NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

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### FINANCIAL ASSETS

Cash	\$ 6,477,767	\$ 6,325,974
Restricted cash (Note 3)	512,057	501,737
Accounts receivable (Note 4)	2,331,353	1,374,820
Inventory (Note 5)	530,000	624,043
Investments (Note 6)	<u>3,403,809</u>	<u>3,031,710</u>
	<u>13,254,986</u>	<u>11,858,284</u>

### LIABILITIES

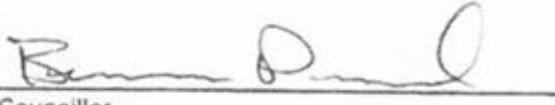
Accounts payable and accrued liabilities (Note 7)	1,131,324	1,450,527
Deferred revenue (Note 8)	3,103,887	2,783,976
Long term debt (Note 9)	<u>8,847,124</u>	<u>8,528,322</u>
	<u>13,082,335</u>	<u>12,762,825</u>
Net assets (debt)	<u>172,651</u>	<u>( 904,541)</u>

### NON-FINANCIAL ASSETS

Tangible capital assets (Note 10)	78,311,609	75,054,568
Prepaid expenses	<u>117,296</u>	<u>241,431</u>
	<u>78,428,905</u>	<u>75,295,999</u>
Accumulated surplus	<u>\$ 78,601,556</u>	<u>\$ 74,391,458</u>

Contingent liabilities (Note 11)

Chief  
  
 Councillor  
  
 Councillor

B  
  
 Councillor  
 Councillor  
 Councillor

# PAUINGASSI FIRST NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2023	2022
<b>REVENUE</b>			
Indigenous Services Canada	\$ 14,755,463	\$ 13,242,883	\$ 12,820,393
First Nations and Inuit Health	3,038,732	2,853,871	3,665,060
Canada Mortgage and Housing Corporation	1,520,413	860,364	813,557
Employment and Social Development Canada	347,364	245,933	111,775
Province of Manitoba	60,000	51,980	60,120
Band generated revenue	3,229,030	4,058,095	2,593,341
Rental	488,934	414,929	497,668
Other revenue	4,125,284	2,647,969	1,560,479
Elimination of inter-department transactions	<u>-</u>	<u>( 1,856,608)</u>	<u>( 526,186)</u>
	<u>27,565,220</u>	<u>22,519,416</u>	<u>21,596,207</u>
<b>EXPENSES</b>			
Governance and administration	1,420,519	1,103,881	1,005,735
Social assistance	2,569,029	2,100,320	2,146,112
Education	4,840,247	3,222,420	2,603,197
Operations and maintenance	2,391,639	1,792,922	1,343,305
Capital and housing	5,715,357	4,507,771	3,356,487
Training and employment	409,335	351,584	130,052
Health	5,534,557	3,381,026	2,978,457
Band funds	4,684,537	3,706,002	2,306,209
Elimination of inter-department transactions	<u>-</u>	<u>( 1,856,608)</u>	<u>( 526,186)</u>
	<u>27,565,220</u>	<u>18,309,318</u>	<u>15,343,368</u>
<b>ANNUAL SURPLUS</b>			
		4,210,098	6,252,839
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>74,391,458</u>	<u>74,391,458</u>	<u>68,138,619</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 74,391,458</u>	<u>\$ 78,601,556</u>	<u>\$ 74,391,458</u>

# PAUINGASSI FIRST NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2023	2022
Annual surplus	\$ _____ -	\$ <u>4,210,098</u>	\$ <u>6,252,839</u>
Acquisition of tangible capital assets and construction in progress		( <u>6,674,968</u> )	( <u>5,892,533</u> )
Amortization of tangible capital assets	_____ -	<u>3,417,927</u>	<u>2,663,817</u>
	_____ -	( <u>3,257,041</u> )	( <u>3,228,716</u> )
Acquisition of prepaid expenses		( <u>117,296</u> )	( <u>241,431</u> )
Use of prepaid expenses	_____ -	<u>241,431</u>	<u>121,500</u>
	_____ -	<u>124,135</u>	( <u>119,931</u> )
CHANGE IN NET ASSETS FOR YEAR		<u>1,077,192</u>	<u>2,904,192</u>
NET DEBT, <i>beginning of year</i>	( <u>904,541</u> )	( <u>904,541</u> )	( <u>3,808,733</u> )
NET ASSETS (DEBT), <i>end of year</i>	\$ ( <u>904,541</u> )	\$ <u>172,651</u>	\$ ( <u>904,541</u> )

# PAUINGASSI FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 2 3	2 0 2 2
<b>CASH FLOW FROM</b>		
<i>OPERATING ACTIVITIES</i>		
Cash received from Indigenous Services Canada	\$ 14,176,214	\$ 10,680,293
Cash received from other sources	6,334,484	8,476,795
Cash paid to suppliers and employees	<u>(14,992,419)</u>	<u>(13,944,167)</u>
	<u>5,518,279</u>	<u>5,212,921</u>
<i>CAPITAL ACTIVITIES</i>		
Acquisition of tangible capital assets	<u>(6,674,968)</u>	<u>(5,892,533)</u>
<i>INVESTING ACTIVITY</i>		
South Beach Casino income distribution received	<u>1,000,000</u>	-
<i>FINANCING ACTIVITIES</i>		
Proceeds from long term debt	1,167,528	1,146,365
Repayment of long term debt	<u>(848,726)</u>	<u>(1,655,708)</u>
	<u>318,802</u>	<u>(509,343)</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	162,113	(1,188,955)
CASH, <i>beginning of year</i>	<u>6,827,711</u>	<u>8,016,666</u>
CASH, <i>end of year</i>	<u>\$ 6,989,824</u>	<u>\$ 6,827,711</u>
<b>CASH COMPRISED OF</b>		
Cash	\$ 6,477,767	\$ 6,325,974
Restricted cash	<u>512,057</u>	<u>501,737</u>
	<u>\$ 6,989,824</u>	<u>\$ 6,827,711</u>

# PAUINGASSI FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

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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 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, 2023****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.

***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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2023****1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)******ASSET RETIREMENT OBLIGATION***

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at management's best estimate at the present fair value of the estimated future cash flows required to settle the retirement obligation. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of operations.

***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.

***FINANCIAL INSTRUMENTS*****Measurement**

The First Nation measures all of its financial assets and financial liabilities at cost or amortized cost, except for the following, which are measured at fair value without any adjustment for transaction costs: derivatives, marketable securities in equity instruments that are quoted in an active market and marketable securities that the Nation has elected to measure at fair value. The effective interest rate method is used to determine interest revenue or expenses for financial instruments measured at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and federal trust funds. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

No financial assets are measured at fair value.

**Transaction costs**

Transaction costs attributable to financial instruments measured at fair value are recognized in the Statement of Operations in the period incurred. Transaction costs for financial instruments measured at cost or amortized cost are recognized in the original cost of the instrument.

**Impairment**

At the end of each reporting period, management assesses financial assets or groups of financial assets for evidence of objective impairment. An impairment loss is recognized in the Statement of Operations when there is a loss in value that is other than temporary. Future recoveries of impaired financial assets are recognized in the Statement of Operations when received.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2023****1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)******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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization is based on the estimated useful lives of tangible capital assets.

Capitalization of labour costs is based on an estimate of the proportionate share of direct labour and overhead labour.

Asset retirement obligations are estimated based on the present value of the required cost at retirement of specific assets.

**2. CHANGE IN ACCOUNTING POLICY*****ASSET RETIREMENT OBLIGATIONS***

On April 1, 2022, the First Nation adopted the PSAS Section (PS 3280) "Asset Retirement Obligations". The new standard includes the requirement for the recognition, measurement, presentation and disclosure of asset retirement obligations and is effective for year beginning on or after April 1, 2022. There was no significant impact on these consolidated financial statements as a result of the adoption of this standard as no legal or constructive obligations were identified.

***FINANCIAL INSTRUMENTS***

On April 1, 2022 the First Nation adopted the PSAS Section (PS3450) "Financial Instruments". The new standard establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. There was no significant impact on these consolidated financial statements as a result of the adoption of these standards.

As part of the adoption of PSAS 3450, on April 1, 2022, the First Nation was also required to adopt PSAS Section (PS 3041) "Portfolio Investments" which has removed the distinction between temporary and portfolio investments, PSAS Section (PS 2601) "Foreign Currency Translation" which requires unrealized gains and losses to be presented on the statement of re-measurement gains and losses and PSAS Section (PS 1201) "Financial Statement Presentation" which requires a new statement of re-measurement gains and losses separate from the statement of operations. The adoption of these standards/amendments had no significant impact on the First Nation's consolidated financial statements and there are no remeasurement gains and losses, so no statement has been presented.

**3. 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 \$50,889. 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, 2023 there is an accumulated balance of \$528,855 for this reserve, there is \$510,186 in the replacement reserve bank account and the reserve is underfunded by \$18,669 as of March 31, 2023.

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

	2 0 2 3	2 0 2 2
Indigenous Services Canada Trust	\$ 1,871	\$ 1,815
CMHC Replacement Reserve	<u>510,186</u>	<u>499,922</u>
	<u><u>\$ 512,057</u></u>	<u><u>\$ 501,737</u></u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2023**

**4. ACCOUNTS RECEIVABLE**

	<b>2 0 2 3</b>	<b>2 0 2 2</b>
Indigenous Services Canada		
Preparedness/ Mitigation	\$ 11,500	\$ 11,500
Capacity Building	25,000	
Food Claims	363,140	
Safe Return to School		3,183
Education		26,825
School Generator Project		610,000
Basic Needs	26,100	26,100
Recovery - Spring 2022 Flood	6,060	
Response - Spring 2022 Flood	60,909	
Response Covid-19 Community Support	142,121	
Recovery - White Goods Safe Removal	291,109	
Landfill		170,957
Emergency Evacuation		155,745
Adult Education Program	151,443	
FNCFS Capital	184,732	
Service Delivery	45,374	
Prevention Projects	14,000	
Roads and bridges	68,350	
Lot Servicing - Other Infrastructure	68,200	
Canada Mortgage and Housing Corporation	13,511	8,923
Goods and services tax	42,014	36,044
Shawano Wapunong Investment Inc.	312,269	
Trade and other receivables	<u>514,332</u>	<u>334,354</u>
	<u>2,340,164</u>	<u>1,383,631</u>
Less: Allowance for doubtful accounts	( 8,811)	( 8,811)
	<u><u>\$ 2,331,353</u></u>	<u><u>\$ 1,374,820</u></u>

**5. INVENTORY**

	<b>2 0 2 3</b>	<b>2 0 2 2</b>
Fuel	\$ 297,820	\$ 283,065
Gravel	<u>232,180</u>	<u>340,978</u>
	<u><u>\$ 530,000</u></u>	<u><u>\$ 624,043</u></u>

**6. INVESTMENTS**

	<b>2 0 2 3</b>	<b>2 0 2 2</b>
Pauingassi First Nation Construction Inc.	\$ 4,109	\$ 4,109
South Beach Casino LP	<u>3,399,700</u>	<u>3,027,601</u>
	<u><u>\$ 3,403,809</u></u>	<u><u>\$ 3,031,710</u></u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2023**

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2 0 2 3</b>	2 0 2 2
Indigenous Services Canada		
Accrued liabilities	\$ 260,735	\$ 55,521
Capital project payables	490,692	668,940
Trade and other payables	<u>379,897</u>	<u>726,066</u>
	<u><u>\$ 1,131,324</u></u>	<u><u>\$ 1,450,527</u></u>

**8. DEFERRED REVENUE**

	<b>2 0 2 3</b>	2 0 2 2
Indigenous Services Canada		
Basic Needs	\$ 154,830	\$ 227,936
Centerline Trail Clearing of Water	68,350	
Landfill Expansion Project	128,938	
Excavation Support	395,670	
School Generator Project	474,275	
Housing Renovations	441,343	588,000
Housing Repairs		94,400
Infrastructure Construction Landfill		31,268
Renovations and Additions	588,000	
4 Unit ISC Housing Project	146,040	
Winter Road Feasibility Study	123,000	
Water Plant Expansion		610,000
School Renovations	17,803	53,571
First Nations and Inuit Health		
Health Centre Project	453,986	537,471
Medical Transportation	111,652	109,330
Canada Mortgage and Housing Corporation	-	532,000
	<u><u>\$ 3,103,887</u></u>	<u><u>\$ 2,783,976</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

9. LONG TERM DEBT	2 0 2 3	2 0 2 2
Mortgage payable to CMHC, 0.68%, repayable in monthly installments of \$4,235 (P&I), due October 2025.	\$ 343,275	\$ 391,586
Mortgage payable to CMHC, 2.48%, repayable in monthly installments of \$2,010 (P&I), due August 2023.	216,673	235,197
Mortgage payable to CMHC, 2.48%, repayable in monthly installments of \$3,225 (P&I), due August 2023.	350,150	379,810
Mortgage payable to CMHC, 1.01%, repayable in monthly installments of \$2,179 (P&I), due August 2026.	314,676	337,530
Mortgage payable to CMHC, 1.67%, repayable in monthly installments of \$2,142 (P&I), due July 2024.	355,916	375,519
Mortgage payable to CMHC, 3.45%, repayable in monthly installments of \$2,129.84 (P&I), due August 2027.	355,434	370,290
Mortgage payable to CMHC, 5.23%, repayable in monthly installments of \$4,129 (P&I), due September 2023.	616,647	640,445
Mortgage payable to CMHC, 2.21%, repayable in monthly installments of \$2,687 (P&I), due February 2024.	540,047	560,166
Mortgage payable to CMHC, 0.80%, repayable in monthly installments of \$3,350 (P&I), due May 2025.	816,477	850,008
Mortgage payable to C.M.H.C., 3.06%, repayable in monthly installments of \$2,281.72 (P&I), renews May 1, 2025, matures May 1, 2047.	468,215	
Mortgage payable to C.M.H.C., 3.29%, repayable in monthly installments of \$4,926.81 (P&I), renews September 1, 2027, matures September 1, 2037.	676,699	
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.		85,000
Term loan payable to First Nations Bank of Canada, 4.38%, repayable in monthly installments of \$4,785 (P&I), due June 2024.	519,013	553,969
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.		35,000
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.	750,000	800,000

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2023****9. 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.			90,000
Term loan payable to First Nations Bank of Canada, 4.55%, repayable in annual installments of \$52,025 plus interest, due March 2026.	936,450		988,475
Term loan payable to First Nations Bank of Canada, 4.55%, repayable in monthly installments of \$3,550 (P&I), due March 2026.	521,537		539,942
Term loan payable to First Nations Bank of Canada, 4.55%, repayable in annual installments of \$10,555 plus interest, due March 2026.	189,990		200,545
Term loan payable to First Nations Bank of Canada, 5.20%, repayable in annual installments of \$51,525 plus interest, due December 2024.	875,925		927,450
Demand loan payable to First Nations Bank of Canada, 5.80%, repayable in annual installments plus interest, due April 2022.		-	167,390
	<b>\$ 8,847,124</b>	<b>\$ 8,528,322</b>	

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, 2024	\$ 394,067
2025	403,801
2026	413,856
2027	424,247
2028	434,985

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

10. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Transfers	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2023	Total 2022
Buildings	25,788,018	\$ 652,169	\$ 4,445,479	\$ 30,885,666	\$ 7,966,153	\$ 838,459	\$ 8,804,612	\$ 22,081,054	\$ 17,821,865
Construction in progress	10,365,589	3,846,050	(11,678,439)	2,533,200				2,533,200	10,365,588
CMHC Housing	6,983,150	704,109		7,687,259	1,859,807	260,481	2,120,288	5,566,971	5,123,343
Computer equipment	360,442	4,319		364,761	343,900	8,383	352,283	12,478	16,542
Fuel Storage Tanks	28,000			28,000	5,600	5,600	11,200	16,800	22,400
Furniture and equipment	168,065	15,894		183,959	126,355	6,760	133,115	50,844	41,710
Heavy equipment	1,080,272	214,241		1,294,513	490,651	118,594	609,245	685,268	589,621
Housing	27,209,658		1,272,800	28,482,458	14,054,299	756,222	14,810,521	13,671,937	13,155,359
Roads	1,213,242			1,213,242	594,108	23,861	617,969	595,273	619,134
Sewer systems	15,293,938			15,293,938	2,221,227	371,388	2,592,615	12,701,323	13,072,711
Infrastructure		6,247,821		6,247,821		312,391	312,391	5,935,430	
Vehicles	3,079,568	950,524		4,030,092	2,320,966	318,077	2,639,043	1,391,049	758,602
Water system	<u>16,507,983</u>	<u>-</u>	<u>-</u>	<u>16,507,983</u>	<u>3,040,290</u>	<u>397,711</u>	<u>3,438,001</u>	<u>13,069,982</u>	<u>13,467,693</u>
	<u>\$ 108,077,925</u>	<u>\$ 6,387,306</u>	<u>\$ 287,661</u>	<u>\$ 114,752,892</u>	<u>\$ 33,023,356</u>	<u>\$ 3,417,927</u>	<u>\$ 36,441,283</u>	<u>\$ 78,311,609</u>	<u>\$ 75,054,568</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2023****11. CONTINGENT LIABILITIES**

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

**12. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE**

	<b>2 0 2 3</b>	<b>2 0 2 2</b>
Arrangement No. 2021-MB-000027	\$ 16,585,526	\$ 14,775,203
Plus: Revenue deferred from previous years	2,251,976	4,001,725
Receivable for funding related to flood claims	363,139	
Less: Revenue deferred to subsequent year	( 3,103,887)	( 2,251,976)
I.S.C. Recoveries	-	( 39,499)
Total I.S.C. & F.N.I.H. Revenue Per Financial Statements	<u>16,096,754</u>	<u>16,485,453</u>
<b>TOTAL I.S.C. AND F.N.I.H. REVENUE PER FINANCIAL STATEMENTS</b>	<b><u>\$ 16,096,754</u></b>	<b><u>\$ 16,485,453</u></b>

**REVENUE PER STATEMENT OF OPERATIONS (*Statement 2*)**

Indigenous Services Canada	\$ 13,242,883	\$ 12,820,393
First Nations and Inuit Health	<u>2,853,871</u>	<u>3,665,060</u>
	<b><u>\$ 16,096,754</u></b>	<b><u>\$ 16,485,453</u></b>

**13. 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2023****14. EXPENSES BY OBJECT**

	<b>2 0 2 3</b>	<b>2 0 2 2</b>
Administration fees	\$ 792,402	\$ 615,883
Amortization of capital assets	3,417,927	2,663,817
Community events and assistance	1,467,756	1,089,299
Equipment and supplies	2,292,409	1,436,922
Fuel	680,030	648,449
Insurance	169,850	187,804
Interest on long term debt	289,772	314,649
Loss on investments		249
Other	389,207	288,612
Professional fees	945,154	684,755
Rent	60,220	62,400
Repairs and maintenance	1,383,529	747,203
Salaries and benefits	5,371,378	4,840,063
Social assistance	1,794,181	1,863,337
Travel	777,849	219,386
Utilities	334,262	206,726
Eliminations	( 1,856,608)	( 526,186)
	<b>\$ 18,309,318</b>	<b>\$ 15,343,368</b>

**15. FINANCIAL INSTRUMENTS**

The First Nation, as part of its operations, carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant liquidity, interest, foreign currency, equity price or credit risks arising from these financial instruments, except as otherwise disclosed.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

### 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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Revenues</b>										
Federal Government										
ISC	\$ 708,264	\$ 977,973	\$ 2,588,232	\$ 2,366,410	\$ 3,604,785	\$ 3,043,326	\$ 2,100,615	\$ 1,506,547	\$ 2,930,013	\$ 4,669,991
FNIH									83,485	535,886
CMHC	—	—	—	—	—	—	—	—	860,364	813,557
Subtotal	708,264	977,973	2,588,232	2,366,410	3,604,785	3,043,326	2,100,615	1,506,547	3,873,862	6,019,434
Other revenue	<u>719,135</u>	<u>202,308</u>	<u>—</u>	<u>—</u>	<u>261,974</u>	<u>223,514</u>	<u>114,809</u>	<u>117,172</u>	<u>347,142</u>	<u>239,948</u>
Total revenue	<u>1,427,399</u>	<u>1,180,281</u>	<u>2,588,232</u>	<u>2,366,410</u>	<u>3,866,759</u>	<u>3,266,840</u>	<u>2,215,424</u>	<u>1,623,719</u>	<u>4,221,004</u>	<u>6,259,382</u>
<b>Expenses</b>										
Amortization									3,412,327	2,658,217
Debt servicing									96,977	128,605
Other									928,698	429,955
Salaries and benefits	670,276	551,325	1,895,126	1,968,595	1,187,783	926,429	1,203,015	970,648	69,769	139,710
	<u>433,605</u>	<u>454,410</u>	<u>205,194</u>	<u>177,517</u>	<u>2,034,637</u>	<u>1,676,768</u>	<u>589,907</u>	<u>372,657</u>		
Total expenses	<u>1,103,881</u>	<u>1,005,735</u>	<u>2,100,320</u>	<u>2,146,112</u>	<u>3,222,420</u>	<u>2,603,197</u>	<u>1,792,922</u>	<u>1,343,305</u>	<u>4,507,771</u>	<u>3,356,487</u>
Surplus (Deficit)	<u>\$ 323,518</u>	<u>\$ 174,546</u>	<u>\$ 487,912</u>	<u>\$ 220,298</u>	<u>\$ 644,339</u>	<u>\$ 663,643</u>	<u>\$ 422,502</u>	<u>\$ 280,414</u>	<u>\$( 286,767)</u>	<u>\$ 2,902,895</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2023**

### 16. SEGMENT DISCLOSURE *(continued)*

	TRAINING AND EMPLOYMENT		HEALTH		BAND FUNDS		ELIMINATIONS		TOTAL	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Revenues</b>										
Federal Government										
ISC	\$	\$	\$ 135,073	\$ 256,146	\$ 1,175,901	\$	\$	\$	\$ 13,242,883	\$ 12,820,393
FNIH			2,770,386	3,129,174					2,853,871	3,665,060
CMHC									860,364	813,557
ESDC	<u>245,933</u>	<u>111,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,933</u>	<u>111,775</u>
Subtotal	<u>245,933</u>	<u>111,775</u>	<u>2,905,459</u>	<u>3,385,320</u>	<u>1,175,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,203,051</u>	<u>17,410,785</u>
Other revenue	<u>105,651</u>	<u>-</u>	<u>279,206</u>	<u>236,865</u>	<u>5,345,056</u>	<u>3,691,801</u>	<u>( 1,856,608)</u>	<u>( 526,186)</u>	<u>5,316,365</u>	<u>4,185,422</u>
Total revenue	<u>351,584</u>	<u>111,775</u>	<u>3,184,665</u>	<u>3,622,185</u>	<u>6,520,957</u>	<u>3,691,801</u>	<u>( 1,856,608)</u>	<u>( 526,186)</u>	<u>22,519,416</u>	<u>21,596,207</u>
<b>Expenses</b>										
Amortization					5,600	5,600			<u>3,417,927</u>	<u>2,663,817</u>
Debt servicing					192,795	186,044			<u>289,772</u>	<u>314,649</u>
Other	<u>32,332</u>	<u>23,861</u>	<u>1,766,358</u>	<u>1,344,415</u>	<u>3,403,261</u>	<u>1,835,796</u>	<u>( 1,856,608)</u>	<u>( 526,186)</u>	<u>9,230,242</u>	<u>7,524,838</u>
Salaries and benefits	<u>319,252</u>	<u>106,191</u>	<u>1,614,668</u>	<u>1,634,042</u>	<u>104,346</u>	<u>278,769</u>	<u>-</u>	<u>-</u>	<u>5,371,378</u>	<u>4,840,064</u>
Total expenses	<u>351,584</u>	<u>130,052</u>	<u>3,381,026</u>	<u>2,978,457</u>	<u>3,706,002</u>	<u>2,306,209</u>	<u>( 1,856,608)</u>	<u>( 526,186)</u>	<u>18,309,318</u>	<u>15,343,368</u>
Surplus (Deficit)	<u>\$ -</u>	<u>\$ ( 18,277)</u>	<u>\$ ( 196,361)</u>	<u>\$ 643,728</u>	<u>\$ 2,814,955</u>	<u>\$ 1,385,592</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,210,098</u>	<u>\$ 6,252,839</u>