

**Paul First Nation**

**Financial Statements**

**March 31, 2019**

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# **Paul First Nation**

## **Financial Statements**

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## Paul First Nation

### Management's Responsibility for Financial Reporting

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March 31, 2019

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The accompanying financial statements of Paul First Nation are the responsibility of management and have been approved by Council.

The 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 and as such include amounts that are the best estimates and judgments of management.

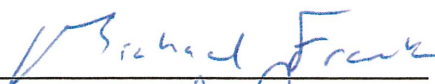
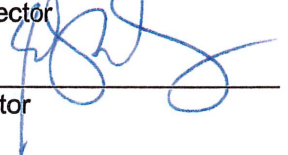
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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 financial statements.

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 financial statements and the external auditor's report.

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

On behalf of Paul First Nation:

  
\_\_\_\_\_  
Executive Director  
  
\_\_\_\_\_  
Finance Director

9-19-19  
\_\_\_\_\_  
Date  
9/19/2019  
\_\_\_\_\_  
Date

## **Independent Auditors' Report**

### **To the Members of Paul First Nation**

#### ***Qualified Opinion***

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

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements present fairly, in all material respects, the financial position of Paul First Nation as at March 31, 2019 and the results of its operations, the changes in its net financial assets and its cash flows for the year for the year then ended in accordance with Canadian public sector accounting standards.

#### ***Basis for Qualified Opinion***

As discussed in note 3 to the consolidated financial statements, investments in related First Nation entities are accounted for on the consolidated statement of financial position as at March 31, 2019 using the modified equity method. Paul First Nation's share of these enterprises' net income is included in Paul First Nation's consolidated surplus of revenue over expenses for the year then ended. This constitutes a departure from Canadian Public Sector Accounting as a number of these First Nation entities are not self sufficient and thus should be using the full consolidation method to account for the investments in these entities.

Paul First Nation investment in related First Nation entities, represents a significant amount of the assets of the consolidated financial statements as at March 31, 2019. We were unable to obtain sufficient appropriate evidence about the carrying amount of the of Paul First Nation investments, equity and net income for the year. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

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

In preparing the financial statements, management is responsible for assessing the 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 the First Nation or to cease operations, or has no realistic alternative but to do so.

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



## **Auditors' Responsibilities 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 auditors' 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 the 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 the 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 auditors' 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 auditors' report. However, future events or conditions may cause the 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.

**Edmonton, Canada  
September 19, 2019**

*Crowe MACKAY LLP*  
**Chartered Professional Accountants**

**Paul First Nation**

**Statement of Financial Position**

**March 31** **2019** **2018**

**Financial Assets**

Cash	\$ 15,680,410	\$ 15,874,644
Accounts receivable (Note 2)	1,423,272	1,360,945
Long-term investments (Note 3)	743,161	478,915
Trust funds (Note 5)	6,480,171	5,408,212
	<b>24,327,014</b>	<b>23,122,716</b>

**Liabilities**

Operating loan (Note 6)	2,484,175	1,932,396
Accounts payable	3,063,421	3,242,267
Deferred revenue (Note 7)	12,710,656	12,343,387
Long-term debt (Note 8)	3,377,519	3,504,875
	<b>21,635,771</b>	<b>21,022,925</b>

**Net financial assets** **2,691,243** **2,099,791**




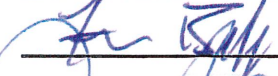
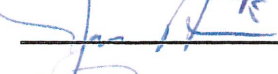

**Non-financial Assets**

Capital assets (Note 9)	57,856,941	44,919,738
Prepaid expenses	5,500	5,500
	<b>57,862,441</b>	<b>44,925,238</b>

**Accumulated Surplus (Note 10)** **\$ 60,553,684** **\$ 47,025,029**

Contingent liabilities (Note 11)

Approved on behalf of the Council

 , Chief  
 , Councillor  
 , Councillor  
 , Councillor  
 , Councillor  
 Councillor

## Paul First Nation

### Statement of Operations and Accumulated Surplus

For the year ended March 31	2019 Budget	2019 Actual	2018 Actual
<b>Revenue</b>			
Indigenous Services Canada (ISC)	\$ 15,837,361	\$ 23,499,085	\$ 24,600,365
Health Canada	1,538,289	2,259,318	2,397,225
CMHC	330,000	82,829	390,852
First Nations Development Fund	611,057	989,945	164,989
Service Canada (ASETS)	505,408	625,008	688,463
Ottawa Trust revenue	-	517,349	466,929
Wapta Mnodai Developments Revenue	-	287,285	413,656
Industry and other revenue	2,838,698	4,371,287	3,825,424
Net income (loss) from Band owned Enterprises	-	337,981	149,425
	<b>21,660,813</b>	<b>32,970,087</b>	<b>33,097,328</b>
<b>Expenses (Note 19)</b>			
Band Government	1,754,735	2,204,136	4,295,442
Education	3,286,054	4,084,544	4,004,287
Health	1,499,283	2,214,735	1,684,143
Economic Development	95,708	200,262	204,057
Public Works	1,286,557	1,841,241	1,329,228
Community Services	270,221	422,090	217,521
Social Services	3,229,202	3,727,767	3,009,023
Employment Programs	348,580	438,126	569,145
Housing	355,318	215,853	269,962
Capital Projects	9,496,149	1,082,692	1,192,414
Amortization	-	2,538,510	2,511,684
Wapta Mnodai Developments Ltd.	-	471,482	626,128
	<b>21,621,807</b>	<b>19,441,438</b>	<b>19,913,034</b>
<b>Excess of revenue over expenses</b>	<b>36,503</b>	<b>13,528,654</b>	<b>13,184,292</b>
<b>Accumulated surplus, beginning of year</b>	<b>-</b>	<b>47,025,030</b>	<b>33,840,738</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 36,503</b>	<b>\$ 60,553,684</b>	<b>\$ 47,025,030</b>

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**Paul First Nation****Statement of Change in Net Financial Assets**

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<b>For the year ended March 31</b>	<b>2019</b>	<b>2018</b>
<b>Excess of revenue over expenses</b>	<b>\$ 13,528,654</b>	<b>\$ 13,184,292</b>
Acquisition of capital assets	<b>(15,514,864)</b>	(15,409,438)
Amortization of capital assets	<b>2,577,662</b>	2,547,610
	<b>(12,937,202)</b>	(12,861,828)
Acquisition of prepaid asset	-	(5,500)
Use of prepaid asset	-	54,000
	-	48,500
<b>Increase in net financial assets</b>	<b>591,452</b>	370,964
<b>Net financial assets, beginning of year</b>	<b>2,099,791</b>	1,728,827
<b>Net financial assets, end of year</b>	<b>\$ 2,691,243</b>	<b>\$ 2,099,791</b>

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## Paul First Nation

### Statement of Cash Flow

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For the year ended March 31, 2019	2019	2018
<b>Cash flows from</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	\$ 13,528,654	\$ 13,184,292
Items not affecting cash		
Amortization	2,577,662	2,547,610
	16,106,316	15,731,902
Change in non-cash operating working capital		
Accounts receivable	(62,327)	(340,578)
Prepaid expenses	-	48,500
Accounts payable	(178,855)	(3,342)
Deferred revenue	367,269	3,891,551
	16,232,403	19,328,033
<b>Capital activities</b>		
Capital asset additions	(15,514,857)	(15,409,437)
<b>Financing activities</b>		
Repayment of long term debt	(431,849)	(336,397)
Proceeds from long term debt	304,495	971,802
	(127,354)	635,405
<b>Investing activities</b>		
Change in investments	(264,246)	(271,810)
Change in funds held in trust	(1,071,959)	(712,268)
	(1,336,205)	(984,078)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(746,013)</b>	<b>3,569,923</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>13,942,248</b>	<b>10,372,325</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 13,196,235</b>	<b>\$ 13,942,248</b>
<b>Represented by</b>		
Cash	\$ 15,680,410	\$ 15,874,644
Operating loan	(2,484,175)	(1,932,396)
	\$ 13,196,235	\$ 13,942,248

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# Paul First Nation

## Notes to Financial Statements

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March 31, 2019

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### 1. Basis of Presentation and Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

#### (a) Basis of consolidation

The Paul First Nation reporting entity includes the Paul First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the Paul First Nation.

Enterprises accounted for by the modified equity basis include:

1. Paul Band Land Holdings Ltd.
2. Paul First Nation Industry Relations Corporation
3. Paul First Nation Renewable Energy (GP) Inc.
4. PFN Development Corporation
5. PFN Resources Inc
6. Weh-Hniw-Nay Renewable Energy (GP) Corp.

Enterprises accounted for by full consolidation include:

1. Wapta Mnodai Developments Ltd. (o/a Ironhead Golf Course)

All inter-entity balances have been eliminated on consolidation.

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 with those of the First Nation. Thus, the First Nation's investment in these enterprises is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses.

#### (b) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Investment income is recorded on the accrual basis.

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## Paul First Nation

### Notes to Financial Statements

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March 31, 2019

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#### 1. Basis of Presentation and Significant Accounting Policies (continued)

##### (c) Tangible capital assets

Capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Infrastructure includes certain roads and bridges disclosed at a nominal amount. The First Nation holds works of art and historical treasures of a cultural value, which have not been included in capital assets due to their inability of estimating future benefits associated with such property. The cost of the capital assets are amortized over their expected useful life using the following rates and methods:

Buildings and Housing	20-25 years Straight line/4% Declining balance
Housing	20 years Straight line
Equipment	5-10 years Straight line/20% Declining balance
Computer equipment	4years Straight line
Office furniture and equipment	20% Declining balance
Infrastructure	45years Straight line
Paving	8% Declining balance

Capital assets are written down when conditions indicate that they no longer contribute to Paul First Nation's ability to provide goods and 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 capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets, including interest in reserve lands and natural resources, as well as 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.

##### (d) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

##### (e) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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## Paul First Nation

### Notes to Financial Statements

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March 31, 2019

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#### 1. Basis of Presentation and Significant Accounting Policies (continued)

##### (f) Impairment of Long-Lived Assets

The First Nation tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

##### (g) Cash

Cash and cash equivalents include cash on hand and a revolving loan.

##### (h) Investments

Investments are carried at cost.

#### 2. Accounts receivable

	2019	2018
Indigenous Services Canada (ISC)	\$ 634,543	\$ 135,889
Canada Mortgage and Housing Corporation (CMHC)	140,000	544,384
Six Independent Alberta First Nations (SIAFN)	12,250	206,534
Health Canada	95,000	-
Province of Alberta	493,523	474,138
Government remittances	47,957	-
Other	125,906	153,103
Advances to members	341,824	286,754
	1,891,003	1,800,802
Allowance for doubtful accounts	(467,731)	(439,857)
	<b>\$ 1,423,272</b>	<b>\$ 1,360,945</b>

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## Paul First Nation

### Notes to Financial Statements

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March 31, 2019

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#### 3. Long-Term Investments

	2019	2018
Paul Band Land Holdings Ltd.	\$ 200,703	\$ 200,703
Paul Band Business Trust	(155,596)	-
Paul First Nation Industrial Relations Corporation	754,597	276,177
PFN Development Corporation	(57,319)	1,035
399250 Alberta Ltd.	1,000	1,000
Weh-Hniw-Nay Renewable Energy (GP) Corp.	(224)	-
	<hr/>	<hr/>
	\$ 743,161	\$ 478,915

Paul Band Land Holdings Ltd., Paul First Nation Industrial Relations Corporation, Paul First Nation Renewable Energy (GP) Inc., PFN Development Corporation, Weh-hnim-neh Business Development Corporation, Weh-Hniw-Nay Renewable Energy (GP) Corp., Wapta Mnodai Development Ltd. and 399250 Alberta Ltd. are owned 100% by Paul First Nation.

The First Nation is also the 100% owner of 1018856 Alberta Ltd., and Ironhead Enterprises Inc., both of which are inactive.

The Weh-hnim-neh Business Development Corporation owns Seven Fires Developments Ltd., to which the First Nation has advanced funds. Seven Fires Developments Ltd. owns 100% of Ironhead Energy Services (2009) Ltd., Ironhead Recycling Ltd., and Ironhead Golf & Country Club Ltd., all of which are inactive.

Unaudited financial statements for PFN Development Corporation, Paul Band Land Holdings Ltd. and 399250 Alberta Ltd. have been prepared for the year ended March 31, 2019.

March 31, 2019 financial statements for the other companies referred to above have not been prepared.

The advances and equity amounts above were provided by management. We were unable to obtain sufficient appropriate evidence about the carrying amount of the of Paul First Nation investments, equity and net income for the year. Consequently, we were unable to determine whether any adjustments to these amounts were necessary, as detailed in our Basis for Qualified Opinion in the Auditors' Report.

#### 4. Investment in and advances to Paul First Nation Entities

Paul Band Business Trust include the following companies:

Paul Band Developments Limited Partnership  
Paul First Nation Renewable Energy Limited Partnership  
Weh-Hniw-Nay Renewable Energy Limited Partnership

Paul Band Corporations include the following companies:

Paul Band Land Holdings  
Paul First Nation Developments Corporation  
Paul First Nation Industry Relations Corporation  
Paul First Nation Renewable Energy Inc.  
Weh-Hniw-Nay Renewable Energy Corporation



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**Paul First Nation****Notes to Financial Statements**

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**March 31, 2019**

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**4. Investment in and advances to Paul First Nation Entities, continued**

	<b>Paul Band Business Trust</b>	<b>Paul Band Corporations</b>	<b>2019 Total</b>	<b>2018 Total</b>
Cash	\$ 114,087	\$ 24,278	\$ 138,365	\$ 130,210
Accounts receivable	92,954	494,692	587,646	245,411
Prepaid expenses	2,100	-	2,100	-
Due from related parties	498,699	255,584	754,283	238,849
Investments	690,384	845	691,229	-
Capital assets	9,539	209,805	219,344	217,199
<b>Total assets</b>	<b>\$ 1,407,763</b>	<b>\$ 985,204</b>	<b>\$ 2,392,967</b>	<b>\$ 831,669</b>
Accounts payable	\$ 357,235	\$ 64,842	\$ 422,077	\$ 113,814
Note payable	689,908	-	689,908	-
Due to related parties	255,944	278,544	534,488	569,620
Deferred revenues	260,128	-	260,128	-
<b>Total liabilities</b>	<b>1,563,215</b>	<b>343,386</b>	<b>1,906,601</b>	<b>683,434</b>
<b>Equity</b>	<b>(155,452)</b>	<b>641,818</b>	<b>486,366</b>	<b>148,235</b>
<b>Total equity</b>	<b>(155,452)</b>	<b>641,818</b>	<b>486,366</b>	<b>148,235</b>
<b>Total liabilities and equity</b>	<b>\$ 1,407,763</b>	<b>\$ 985,204</b>	<b>\$ 2,392,967</b>	<b>\$ 831,669</b>

	<b>Paul Band Business Trust</b>	<b>Paul Band Corporations</b>	<b>2019 Total</b>	<b>2018 Total</b>
Revenue	\$ 1,784,127	\$ 2,530,110	\$ 4,314,237	\$ 2,404,662
Expenses	1,939,879	2,036,377	3,976,256	2,255,237
<b>Net income</b>	<b>\$ (155,752)</b>	<b>\$ 493,733</b>	<b>\$ 337,981</b>	<b>\$ 149,425</b>

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## Paul First Nation

### Notes to Financial Statements

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March 31, 2019

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#### 5. Trust funds

	March 31, 2018	Additions, 2019	Withdrawals, 2019	March 31, 2019
Capital Funds held in Trust (Ottawa)	\$ 1,104,372	\$ 332,276	\$ -	\$ 1,436,648
Revenue Funds held in Trust (Ottawa)	258,686	185,072	-	443,758
Settlement Trust Funds	3,787,896	92,228	-	3,880,124
Community Trust	257,258	1,798,363	(1,335,980)	719,641
	<b>\$ 5,408,212</b>	<b>\$ 2,407,939</b>	<b>\$ (1,335,980)</b>	<b>\$ 6,480,171</b>

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The Capital and Revenue funds are held in Ottawa and arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by section 64 and 69 of the Indian Act. The Funds earn interest pursuant to section 61(2) of the Indian Act.

The Settlement Trust Funds are held in the form of short-term notes and fixed income Canadian government and corporate bonds with various terms. Under the terms of the agreement, the First Nation can withdraw up to 80% of the income earned annually for use in its operations. During the year, \$nil (2018: \$57,158) was withdrawn. The market value of the Settlement Trust Funds at March 31, 2019 was \$3,993,910 (2018: \$3,847,307)

#### 6. Operating loan and line of credit

The First Nation has a line of credit to a maximum of \$500,000 bearing interest at the Bank of Montreal prime rate plus 2%. As at March 31, 2019, no amount was owing (2018: \$nil).

During the year, the Nation entered into an revolving loan agreement with the Royal Bank to draw upon a maximum of \$3,735,200, bearing interest at the Royal Bank prime rate plus 0.5%. As of March 31, 2019, the Nation had drawn upon the revolving loan resulting in a balance of \$2,484,175 (2018: \$1,932,396) for the payment of legal fees in relation to litigation for a Sharphead Band surrender claim (see note 11).

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## Paul First Nation

### Notes to Financial Statements

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March 31, 2019

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#### 7. Deferred revenue

Deferred revenue represents funds received, that will be recognized as revenue in the next fiscal year, when the related expenses are incurred, or when the terms of the funding have been completed. The deferred revenue relates to the following programs and funders:

	2019	2018
Assisted Living - Indigenous Services Canada (ISC)	\$ 16,732	\$ -
Capital Projects: Drainage Study - ISC	-	41,375
Capital Projects: Fire Hall - ISC	-	1,305,235
Capital Projects: New Duplex - ISC	-	1,699,882
Capital Projects: New School - ISC	9,359,296	3,587,503
Capital Projects: Road Upgrade - ISC	-	77,000
Capital Projects: Sanitation Equipment & Trucks	77,895	-
Capital Projects: Wastewater System Upgrade - ISC	74,893	2,739,108
Capital Projects: Waste Transfer System - ISC	1,677,747	1,649,098
Chief and Council - ISC	6,750	6,750
Child and Family Services - ISC	276,568	-
CMHC Housing - ISC	-	162,809
CMHC Housing - CMHC (Retrofit)	-	160,000
Community Health Services - Health Canada	-	35,270
Economic Development - ISC	124,862	164,811
Emergency - ISC	123,592	32,507
Enhanced Service Delivery - Other revenue	-	34,769
First Nations Development Fund	138,273	474,138
Human Resource Development - SIAFN	44,372	106,544
Innovation in First Nation - Other revenue	152,543	-
Municipal Services - ISC	114,901	114,901
Post Secondary Education - ISC	-	25,007
School Operations and Maintenance - ISC	-	30,727
Social Assistance - ISC	47,467	50,111
Social Development - Service Delivery - ISC	474,765	-
	<b>\$ 12,710,656</b>	<b>\$ 12,343,387</b>

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**Paul First Nation****Notes to Financial Statements**

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**March 31, 2019**

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**8. Long-term debt**

	2019	2018
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$3,599 including interest at 1.83%, maturing November 2034. Secured by Band Funds and housing units.	\$ 588,126	\$ 620,271
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$1,399 including interest at 1.83%, maturing November 2034. Secured by Band Funds and housing units.	228,608	241,103
Royal Bank of Canada demand loan guaranteed by Canada Mortgage and Housing Corporation due June 2019. Repayable in monthly installments of \$1,350 including interest at 2.87%. Secured by Band Funds and housing units.	50,203	64,732
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$1,906 including interest at 0.94%, maturing May 2025. Secured by Band Funds and housing units.	136,993	158,472
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$3,722 including interest at 2.50%, maturing May 2038. Secured by Band Funds and housing units.	680,374	708,523
Royal Bank of Canada demand loan guaranteed by Canada Mortgage and Housing Corporation due September 2023, repayable in monthly instalments of \$3,208 including interest at 4.85%. Secured by Band Funds and housing units.	292,456	-
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$3,551 including interest at 1.97%, maturing November 2037. Secured by Band Funds and housing units.	665,579	694,821
Royal Bank of Canada demand loan guaranteed by Canada Mortgage and Housing Corporation, repaid during the year.	-	166,750
Caterpillar Financial vehicle loan, repaid during the year.	-	50,636
Royal Bank of Canada demand loan guaranteed by Canada Mortgage and Housing Corporation due February 2023, repayable in monthly instalments of \$8,481 including interest at 4.85%. Secured by Band Funds and housing units.	735,180	799,567
	<b>\$ 3,377,519</b>	<b>\$ 3,504,875</b>

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**Paul First Nation****Notes to Financial Statements**

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**March 31, 2019**

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**8. Long-term debt, continued**

Principal portion of long-term debt due within the next five years:

2020	\$ 271,261
2021	227,656
2022	234,512
2023	241,641
2024 and thereafter	2,402,449
	<hr/>
	\$ 3,377,519

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# Paul First Nation

## Notes to Financial Statements

March 31, 2019

### 9. Capital Assets

	Cost			Accumulated amortization		
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization of year	2019 Net book value
Land	\$ 2,158,907	\$ -	\$ 2,158,907	\$ -	\$ -	\$ 2,158,907
Buildings and Housing	30,915,561	10,037,046	40,952,607	15,335,087	1,182,618	24,434,902
Automotive equipment	6,803,036	504,522	7,307,558	6,178,527	270,906	858,125
Computer equipment	322,288	98,291	420,579	264,387	50,496	105,696
Office furniture and equipment	47,054	-	47,054	43,505	710	2,839
Infrastructure	36,547,192	4,875,006	41,422,198	10,119,473	1,067,598	30,235,127
Paving	180,097	-	180,097	113,418	5,334	61,345
	\$ 76,974,135	\$ 15,514,865	\$ 92,489,000	\$ 32,054,397	\$ 2,577,662	\$ 57,856,941

	Cost			Accumulated amortization		
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization of year	2018 Net book value
Land	\$ 2,157,907	\$ 1,000	\$ 2,158,907	\$ -	\$ -	\$ 2,158,907
Buildings	27,542,106	3,373,455	30,915,561	14,084,000	1,251,087	15,580,474
Automotive equipment	6,547,859	255,177	6,803,036	5,818,054	360,473	624,509
Computer equipment	266,436	55,852	322,288	241,950	22,437	57,901
Office furniture and equipment	47,054	-	47,054	42,617	888	3,549
Infrastructure	24,823,238	11,723,954	36,547,192	9,212,546	906,927	26,427,719
Paving	180,097	-	180,097	107,620	5,798	66,679
	\$ 61,564,697	\$ 15,409,438	\$ 76,974,135	\$ 29,506,787	\$ 2,547,610	\$ 44,919,738

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## Paul First Nation

### Notes to Financial Statements

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March 31, 2019

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#### 10. Accumulated Surplus

	2019	2018
Operating Fund	\$ (4,666,589)	\$ (4,160,589)
Enterprise Fund	743,161	478,915
Capital Asset Fund	57,856,941	44,919,738
Trust Fund	6,480,171	5,408,212
CMHC Replacement Reserve	140,000	378,753
	<b>\$ 60,553,684</b>	<b>\$ 47,025,029</b>

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#### 11. Contingent Liabilities

Legal proceedings:

Paul First Nation has been named as defendant in certain legal proceedings. The Nation is actively defending all lawsuits. Since the amount of loss, if any, cannot be reasonably estimated, no provision has been recorded in these financial statements. Should a loss be incurred, it will be expensed in the year the liability is determined.

Government contributions:

Government contributions related to the projects of the entity are subject to conditions regarding the expenditure of funds. The entity's accounting records are subject to audit by the various funding agencies. Should any instances be identified in which the amounts charged to projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies.

Adjustments to the financial statements as a result of these audits will be recorded in the period in which they become known.

#### 12. Economic Dependence

Paul First Nation receives substantially all of its funding through contribution arrangements with the Department of Indigenous Services Canada, as administered under the conditions of the Indian Act. The First Nation also receives significant funding through contribution arrangements with the First Nations and Inuit Health Branch of Health Canada. The ability of the First Nation to continue operations is dependant upon funding from these bodies.

#### 13. Commitments

Paul First Nation is currently undertaking the construction of various capital projects which will continue into the next fiscal years. The total estimated cost of the projects is \$12 million (2018: \$17 million).

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## **Paul First Nation**

### **Notes to Financial Statements**

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**March 31, 2019**

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#### **14. CMHC Reserve Fund**

Under conditions of agreements with the Canada Mortgage and Housing Corporation, the First Nation is required to maintain certain reserves of \$140,000 related to on-reserve housing projects. These reserves are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Fund.

#### **15. Pension Plan**

The First Nation has established a defined contribution pension plan, in which all permanent full-time employees are required to participate. Pension contributions of 5.5% are matched by the First Nation. No significant changes were made to the pension plan during the year. The pension expense for the year was \$85,754 (2018 - \$81,904).

#### **16. Financial instruments**

The Nation's financial instruments consist of cash, accounts receivable, Band member receivables, long-term investments, Trust funds, operating loan, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, the carrying value of its financial instruments approximates fair value.

It is management's opinion that the Nation is not exposed to significant currency risk from its financial instruments. The Nation is subject to credit risk with respect to other income. Credit risk arises from the possibility that the entities may experience financial difficulty and be unable to fulfil their obligations. The large amount of annual funding received from the Government of Canada minimizes credit risk.

#### **17. Budget Information**

Budget information for the year ended March 31, 2019 is unaudited and has been provided by management.

#### **18. Comparative figures**

Certain comparative figures have been reclassified to conform with the current year's presentation.

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**Paul First Nation****Notes to Financial Statements**

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**March 31, 2019**

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**19. Expenses**

<b>For the year ended March 31</b>	<b>2019 Budget</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
Administration fees	\$ (145,110)	\$ -	\$ 4,309
Amortization	-	2,577,662	2,547,610
Bad debts	-	27,874	82,856
Co-Management fees	-	8,000	157,260
Community events	10,000	278,424	10,066
Corporate and intergovernmental affairs	2,500	-	3,675
Cost of sales	-	329,544	355,969
Cultural events	208,946	324,452	415,806
Economic development	160,537	187,117	145,805
Education and tuition fees	320,973	422,338	533,778
Feasibility studies	-	75,640	-
Health Care expenses	-	150	65,576
Human Resources Development	211,113	135,431	174,229
Insurance	114,759	258,530	180,496
Interest and bank charges	165,600	251,270	134,821
Land claims - insurance	-	-	809,465
Land claims - legal fees	-	507,476	1,122,931
Materials and supplies	861,932	1,227,952	871,585
Meeting and travel expenses	305,945	490,911	480,280
Office expenses	87,607	186,712	140,884
Professional fees	374,840	788,657	944,940
Rent	86,822	121,354	8,168
Repairs and maintenance	465,665	276,038	576,946
Social Assistance	2,537,544	2,070,063	1,888,491
Subcontractors	9,377,811	865,122	1,066,349
Training	483,866	659,171	533,731
Utilities and telephone	529,761	515,638	505,757
Vehicle	145,477	588,321	296,010
Wages and benefits	5,315,219	6,267,591	5,855,241
	<b>\$ 21,621,807</b>	<b>\$ 19,441,438</b>	<b>\$ 19,913,034</b>

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# Paul First Nation

## Notes to Financial Statements

March 31, 2019

### 20. Segmented information

	Band Government		Education		Health	
	2019 Budget	2019 Actual	2019 Budget	2019 Actual	2019 Budget	2019 Actual
Revenues						
Indigenous Services Canada (ISC)	\$ 610,510	\$ 1,825,922	\$ 2,619,070	\$ 3,624,702	\$ 3,762,313	\$ -
Health Canada	-	-	-	-	-	-
Other revenue	1,144,225	840,574	666,984	548,959	218,274	2,397,225
Total revenue	1,754,735	2,666,496	3,286,054	4,173,661	3,980,587	2,400,136
Expenses						
Community events	10,000	274,634	-	-	-	-
Materials and supplies	17,200	10,347	130,000	477,352	369,500	87,486
Meeting and travel expenses	147,400	128,215	76,556	62,858	42,805	51,887
Social Assistance	20,000	11,691	-	-	-	-
Subcontractors	7,000	18,211	54,722	285,207	137,080	45,157
Training	8,500	2,879	299,750	313,992	117,797	127,111
Utilities and telephone	123,350	114,518	40,036	52,230	42,942	60,822
Wages and benefits	605,515	561,101	1,822,818	2,023,169	1,775,290	823,241
Other expenses	815,770	1,082,540	862,172	869,736	1,307,480	488,439
Total expenses	1,754,735	2,204,136	3,286,054	4,084,544	4,004,287	1,684,143
Annual surplus (deficit)	\$ -	\$ 462,360	\$ -	\$ 89,117	\$ (23,700)	\$ 715,993



# Paul First Nation

## Notes to Financial Statements

March 31, 2019

### 20. Segmented information, continued

	Economic Development			Public Works		Community Services	
	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2019 Budget	2018 Actual
<b>Revenues</b>							
ISC	\$ 95,708	\$ 171,857	\$ 194,947	\$ 842,272	\$ 1,126,165	\$ 729,021	\$ -
First Nations Development Fund	-	-	-	-	-	611,057	989,945
Other revenue	-	1,687,721	2,943,036	444,285	75,000	(340,836)	(600,761)
<b>Total revenue</b>	<b>95,708</b>	<b>1,859,578</b>	<b>3,137,983</b>	<b>1,286,557</b>	<b>1,201,165</b>	<b>270,221</b>	<b>389,184</b>
<b>Expenses</b>							
Community events	-	-	-	-	-	-	1,890
Materials and supplies	-	-	-	182,500	55,703	221,057	212,995
Meeting and travel expenses	15,000	1,300	6,974	6,000	29,683	4,800	6,769
Subcontractors	10,000	88,235	55,041	97,194	89,275	-	-
Training	5,000	-	760	-	-	-	1,019
Utilities and telephone	-	-	300	286,735	279,503	4,800	4,800
Wages and benefits	-	-	-	236,220	502,338	39,564	63,348
Other expenses	65,708	110,727	140,982	477,908	884,739	-	131,269
<b>Total expenses</b>	<b>95,708</b>	<b>200,262</b>	<b>204,057</b>	<b>1,286,557</b>	<b>1,841,241</b>	<b>270,221</b>	<b>422,090</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 1,659,316</b>	<b>\$ 2,933,926</b>	<b>\$ -</b>	<b>\$ (640,076)</b>	<b>\$ -</b>	<b>\$ (32,906)</b>
							<b>(152,221)</b>

# Paul First Nation

## Notes to Financial Statements

March 31, 2019

### 20. Segmented information, continued

	Social Services		Employment Programs		Housing	
	2019 Budget	2019 Actual	2019 Budget	2019 Actual	2019 Budget	2019 Actual
Revenues						
ISC	\$ 2,220,172	\$ 2,594,754	\$ -	\$ -	\$ -	\$ 287,809
CMHC	-	-	-	-	330,000	82,829
HRDC	145,622	215,284	359,786	409,724	-	-
Other revenue	863,408	729,406	(11,206)	28,402	25,318	160,000
Total revenue	3,229,202	3,539,444	348,580	438,126	355,318	530,638
Expenses						
Community events	-	1,900	-	-	-	-
Materials and supplies	28,600	194,528	7,200	-	161,000	4,783
Meeting and travel expenses	9,000	184,506	-	7,945	2,400	1,317
Social Assistance	2,517,544	2,058,373	-	-	-	-
Subcontractors	-	126,740	-	-	-	68,675
Training	14,400	46,546	38,419	84,969	-	-
Utilities and telephone	19,700	16,295	-	4,140	2,448	-
Wages and benefits	605,458	1,026,281	104,655	202,933	44,470	28,978
Other expenses	34,500	72,598	198,306	138,139	145,000	112,100
Total expenses	3,229,202	3,727,767	348,580	438,126	355,318	215,853
Annual surplus (deficit)	\$ -	\$ (188,323)	\$ -	\$ -	\$ -	\$ 314,785
						\$ 253,081

# Paul First Nation

## Notes to Financial Statements

March 31, 2019

### 20. Segmented information, continued

	Capital Projects			Trust Funds		2019		2018		Amortization	
	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2019 Budget	2019 Actual	2018 Actual	2018 Actual	2019 Actual	2018 Actual
Revenues											
ISC	\$ 9,449,629	\$ 13,867,876	\$ 15,980,974	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenue	46,520	525,357	(447,706)	-	1,071,959	-	-	712,268	-	-	-
Total revenue	9,496,149	14,393,233	15,533,268	-	1,071,959	-	-	712,268	-	-	-
Expenses											
Materials and supplies	31,000	26,884	100,169	-	-	-	-	-	-	-	-
Meeting and travel expenses	9,800	10,601	13,573	-	-	-	-	-	-	-	-
Subcontractors	9,097,268	106,298	615,629	-	-	-	-	-	-	-	-
Utilities and telephone	9,750	14,047	9,515	-	-	-	-	-	-	-	-
Wages and benefits	299,231	227,803	193,972	-	-	-	-	-	-	-	-
Other expenses	49,100	697,059	259,556	-	-	-	-	-	-	2,538,510	2,511,684
Total expenses	9,496,149	1,082,692	1,192,414	-	-	-	-	-	-	2,538,510	2,511,684
Annual surplus (deficit)	\$ -	\$ 13,310,541	\$ 14,340,854	\$ -	\$ 1,071,959	\$ -	\$ -	\$ 712,268	\$ -	\$ (2,538,510)	\$ (2,511,684)

# Paul First Nation

## Notes to Financial Statements

March 31, 2019

### 20. Segmented information, continued

	Wapta Mnodai Developments Ltd.		Consolidated totals	
	2019 Budget	2019 Actual	2019 Budget	2018 Actual
Revenues				
ISC	\$ -	\$ -	\$ 15,837,361	\$ 23,499,085
Health Canada	-	-	1,538,289	2,259,318
CMHC	-	-	330,000	82,829
First Nations Development Fund	-	-	611,057	989,945
HRDC	-	-	505,408	625,008
Other revenue	-	447,285	2,838,698	5,513,902
Total revenue	-	447,285	21,660,813	32,970,087
Expenses				
Community events	-	-	10,000	278,424
Materials and supplies	-	-	861,932	1,227,951
Meeting and travel expenses	-	-	305,945	490,912
Social Assistance	-	-	2,537,544	2,070,064
Subcontractors	-	-	9,377,811	865,123
Training	-	-	483,866	659,171
Utilities and telephone	-	2,531	529,761	515,638
Wages and benefits	-	68,494	4,591,577	5,677,154
Other expenses	-	400,457	2,925,874	7,657,001
Total expenses	-	471,482	21,624,310	19,441,438
Annual surplus (deficit)	\$ -	\$ (24,197)	\$ (212,472)	\$ 13,528,649