

**Pauquachin First Nation
Consolidated Financial Statements**

March 31, 2020

Pauquachin First Nation Contents

For the year ended March 31, 2020

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Management's Responsibility

To the Members of Pauquachin First Nation

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

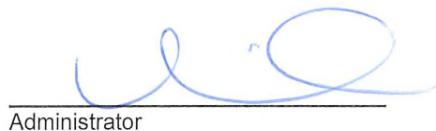
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Pauquachin First Nation Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP is appointed by the Chief and Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Chief and Council and management to discuss their audit findings.

August 26, 2020



Administrator

Independent Auditor's Report

To the Members of Pauquachin First Nation:

Opinion

We have audited the consolidated financial statements of Pauquachin First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus and related schedules, changes in net financial 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 the First Nation as at March 31, 2020, and the results of its consolidated operations 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 Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated 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 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 auditor's report to the related disclosures in the consolidated 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 the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Nanaimo, British Columbia

August 26, 2020

MNP LLP

Chartered Professional Accountants

MNP
LLP

Pauquachin First Nation
Consolidated Statement of Financial Position
As at March 31, 2020

	2020	2019
Financial assets		
Cash and cash equivalents	232,934	1,206,613
Accounts receivable (Note 3)	316,748	386,641
Due from related parties (Note 4)	535,111	353,110
Investments (Note 5)	1,903,100	223,100
Restricted cash (Note 6)	150,577	150,427
Funds held in trust (Note 7)	94,223	90,827
Total of financial assets	3,232,693	2,410,718
Liabilities		
Accounts payable and accruals	152,406	336,220
Deferred revenue (Note 8)	417,308	-
Long-term debt (Note 9)	1,812,996	1,801,676
Total of financial liabilities	2,382,710	2,137,896
Net financial assets	849,983	272,822
Non-financial assets		
Tangible capital assets (Schedule 1)	8,810,602	9,069,651
Prepaid expenses	49,976	51,088
Total non-financial assets	8,860,578	9,120,739
Accumulated surplus (Note 12)	9,710,561	9,393,561

Approved on behalf of the Chief and Council



Chief
Councillor



Councillor

Pauquachin First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2020

	<i>Schedules</i>	<i>2020 Budget (Note 15)</i>	<i>2020</i>	<i>2019</i>
Revenue				
Indigenous Services Canada (Note 10)		1,396,628	1,483,240	1,602,707
Province of BC		642,699	682,921	277,170
First Nations Health Authority		632,067	632,067	662,971
Trust income (Note 4)		-	385,111	351,309
Fisheries and Oceans Canada		30,000	199,047	55,000
Rental income		149,384	160,730	132,061
Other revenue		5,930	98,932	107,592
Canada Mortgage and Housing Corporation		58,208	58,813	208,132
Island Health		-	-	33,018
Interest income		36,000	51,285	20,263
Capacity funding		-	90,210	21,636
		2,950,916	3,842,356	3,471,859
Expenses				
Administration and Governance	3	683,430	763,694	742,209
Health	4	842,000	699,674	672,576
Social Development	5	701,600	656,852	606,461
Public Works	6	242,520	366,863	468,693
Education	7	254,400	219,643	218,286
Employment Training	8	104,277	104,432	123,174
Band Housing	9	51,200	155,603	313,401
Social Housing	10	64,391	143,097	292,761
Treaty and Lands	11	-	69,503	154,071
Economic Development	12	18,720	84,285	83,817
Fisheries	13	56,000	125,494	49,115
Community Trust Funds	14	31,700	106,893	5,171
BC Gaming	15	-	16,567	-
Family Support Services	16	-	12,756	2,756
		3,050,838	3,525,356	3,732,491
Annual surplus (deficit) before transfers		(99,922)	317,000	(260,632)
Transfers between programs		800	-	-
Annual surplus (deficit)		(99,122)	317,000	(260,632)
Accumulated surplus, beginning of year		9,393,561	9,393,561	9,654,193
Accumulated surplus, end of year (Note 12)		9,294,439	9,710,561	9,393,561

Pauquachin First Nation
Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2020

	2020 <i>Budget</i> <i>(Note 15)</i>	2020	2019
Annual surplus (deficit)			
Purchases of tangible capital assets	(237,739)	317,000	(260,632)
Amortization of tangible capital assets	-	(43,394)	(329,299)
Decrease (increase) in prepaid expenses	-	302,444	285,812
	-	1,111	(6,060)
Increase (decrease) in net financial assets	(237,739)	577,161	(310,179)
Net financial assets, beginning of year	272,822	272,822	583,001
Net financial assets, end of year	35,083	849,983	272,822

Pauquachin First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	317,000	(260,632)
Non-cash items		
Amortization	302,444	285,812
Bad debts	<u>50,563</u>	6,393
	670,007	31,573
Changes in working capital accounts		
Accounts receivable	19,461	193,242
Due from related parties	<u>(182,000)</u>	(351,309)
Marketable securities	142,000	-
Restricted cash	(150)	(104,090)
Funds held in trust	(3,396)	(1,949)
Accounts payable and accruals	<u>(183,814)</u>	34,371
Prepays	1,112	(6,060)
Deferred Revenue	<u>417,308</u>	-
	880,528	(204,222)
Financing activities		
Repayment of long-term debt	(77,414)	(113,461)
Advances of long-term debt	88,601	54,801
Purchase of investments	<u>(1,822,000)</u>	-
	(1,810,813)	(58,660)
Capital activities		
Purchases of tangible capital assets	<u>(43,394)</u>	(329,299)
Decrease in cash and cash equivalents	(973,679)	(592,181)
Cash and cash equivalents, beginning of year	1,206,613	1,798,794
Cash and cash equivalents, end of year	232,934	1,206,613

Pauquachin First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

1. Operations

Pauquachin First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Pauquachin First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity. Trusts administered on behalf of third parties by Pauquachin First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Social Housing
- Bokecen Xaxe (Sacred) Society

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.

Nation business enterprises, owned or controlled by the Nation's Chief and Council but not dependent on the Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method.

Under the modified equity method, the equity method of accounting is modified only to the extent that business entity accounting principles are not adjusted to conform to those of the Nation. Thus, Nation's investment in these entities are 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:

- 1239774 BC Ltd.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Cash and cash equivalents

Cash and cash equivalents include balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Pauquachin First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

2. Significant accounting policies *(Continued from previous page)*

Tangible capital assets

Tangible capital assets are initially recorded at cost less accumulated amortization. Contributed tangible assets are recorded at their fair value at the date of contribution.

All intangible assets and items inherited by the right of the First Nation, such as reserved land, forests, water and mineral resources, are not recognized in the First Nation's consolidated financial statements.

Amortization

Amortization for tangible capital assets is provided on a straight-line basis over the estimated useful life of the assets at the year of acquisition, when available for use. See below for amortization rates of specific asset categories.

	Rate
Buildings	11-60 years
Social housing	41-50 years
Band housing	42-44 years
Infrastructure	10-50 years
Equipment	2-30 years
Vehicles	5 years
Boat	5 years
Mobile homes	7-13 years

Long-lived assets

Long-lived assets consist of tangible capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

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.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in surplus in the periods in which they become known.

Net financial assets

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

Pauquachin First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

First Nation Capital and Revenue Trust Funds

The First Nation recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

Canada Mortgage and Housing Corporation ("CMHC")

CMHC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal year are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

Housing rental income

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

Own source and other revenue

Own source and other revenue is recognized when performance is completed, amounts are measurable and collection is reasonably assured.

Investment income

Investment income is recognized by the First Nation when investment income is earned.

Segments

The First Nation conducts its business through a number of reportable segments as described in Note 10. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2020.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2020, no liability for contaminated site exists.

Pauquachin First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

3. Accounts receivable

	2020	2019
Canada Mortgage and Housing Corporation	4,889	5,039
Fisheries and Oceans Canada	-	25,000
Indigenous Services Canada	91,608	257,775
Tsartlip First Nation	151,360	-
Other	68,891	98,827
	316,748	386,641

4. Due from related parties

	2020	2019
Annual income due from Pauquachin Legacy Trust. The receivable bears no interest and was received subsequent to the year-end.	385,111	351,309
1239774 B.C. Ltd.	150,000	-
Total	535,111	351,309

The First Nation is the sole beneficiary of Pauquachin Legacy Trust (the "Trust"), an independently administered trust established by the First Nation pursuant to the settlement of a specific claim. The purpose of the Trust is to hold, protect, and nurture the settlement and trust assets for the benefit of the First Nation. At year-end, the market value of investments held in the Trust was \$10,779,560 (2019 - \$10,536,098).

The amounts due from 1239774 B.C. Ltd. are unsecured, non-interest bearing and have no fixed terms of repayment.

5. Investments

	2020	2019
RBC investment savings account (mutual funds)	223,100	223,100
Guaranteed Investment Certificates - maturing April 2020, bearing interest at 2.05%	1,305,000	-
Guaranteed Investment Certificates - maturing July 2020, bearing interest at 1.95%	375,000	-
	1,903,100	223,100

Pauquachin First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

6. Restricted cash

	2020	2019
Social housing replacement reserve	150,577	150,427

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited in the amount of \$12,833 (2019 - \$13,750) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only 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.

At year-end, the Post 1996 replacement reserve was adequately funded (2019 - adequately funded).

Under the terms of the agreement with CMHC, excess revenues over expenditures for the Post 1996 phases may be retained in the operating reserve. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At year end, the operating reserve was underfunded by \$168,445 (2019 - underfunded by \$153,745).

7. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

	2020	2019
Capital Trust		
Balance, beginning and end of year	436	436
Revenue Trust		
Balance, beginning of year	90,391	88,442
Interest	2,494	1,037
British Columbia special distribution	902	912
Balance, end of year	93,787	90,391
	94,223	90,827

Ottawa Trust Funds

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

Pauquachin First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

8. Deferred revenue

The following table represents changes in the deferred revenue balance for each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Recognized as revenue</i>	<i>Balance, end of year</i>
Indigenous Services Canada - EMAP Funding	-	136,087	-	136,087
Indigenous Services Canada - Capital Funding	-	278,344	17,123	261,221
Coles Bay Shellfish Restoration Project	-	20,000	-	20,000
	-	434,431	17,123	417,308

9. Long-term debt

	2020	2019
All Nations Trust Company Loan, repayable in blended monthly instalments of \$3,541 bearing interest at 1.05%, secured by buildings with a net book value of \$972,508 (2019 - \$973,112), maturing August 1, 2041 and renewing on August 1, 2021.	814,560	848,303
All Nations Trust Company Loan, repayable in blended monthly instalments of \$2,939 bearing interest at 2.06%, secured by buildings with a net book value of \$591,901 (2019 - \$605,826), maturing November 1, 2037 and renewing on November 1, 2022.	522,251	546,509
Royal Bank of Canada loan, repayable in blended monthly instalments of \$1,412 bearing interest at 2.71%, secured by a general security agreement, maturing April 1, 2036.	220,290	231,065
Interest-free loan from Indigenous Services Canada's specific claims branch to facilitate the negotiation of the First Nation's specific land claims. Payment of these amounts is expected to be remitted after the settlement of the corresponding land claims.	255,895	167,294
Royal Bank of Canada loan, repaid during the year	-	5,433
Royal Bank of Canada loan, repaid during the year	-	2,493
All Nations Trust Company Loan, repaid during the year.	-	579
	1,812,996	1,801,676

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

	Principal
2021	69,979
2022	71,158
2023	72,361
2024	72,587
2025	74,837
Thereafter	1,452,074
Total	1,812,996

Interest on long-term debt amounted to \$25,832 (2019 - \$29,480).

Pauquachin First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

10. Indigenous Services Canada funding reconciliation

	2020	2019
Revenue per confirmation	1,774,311	1,654,393
ISC amounts recovered in the year	(29,850)	(25,848)
ISC future recoveries	-	(25,838)
Capital funding deferred	<u>(261,221)</u>	-
	1,483,240	1,602,707

11. Economic dependence

Pauquachin First Nation receives substantially all of its revenue from Indigenous Services Canada ("ISC") as a result of funding agreements entered into with the Government of Canada. These agreements are administered by ISC under the terms and conditions of the *Indian Act*. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

12. Accumulated surplus

Accumulated surplus consists of the following:

	2020	2019
Equity in tangible capital assets	7,253,500	7,435,269
Equity in operating fund	2,118,919	1,624,853
Replacement and operating reserves	243,919	242,612
Equity in Ottawa Trust Fund	<u>94,223</u>	90,827
	9,710,561	9,393,561

13. Budget information

The disclosed budget information has been approved by the Chief and Council of the Pauquachin First Nation at the Chief and Council meeting held on October 26, 2019.

Budget figures on the Consolidated Statement of Operations and Accumulated Surplus are presented using the same basis of accounting as the actual results. A reconciliation of these amounts to the Chief and Council approved budget is as follows:

Budgeted deficit approved by Chief and Council	\$(206,204)
Adjusted for:	
Debt Repayment	79,200
Contingencies	14,682
Reserve fund allocation	<u>13,200</u>
Budgeted deficit approved by Chief and Council	\$(99,122)

Pauquachin First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

14. Segments

The First Nation receives revenue and incurs expenses from many different projects and sources. For management and reporting purposes, the revenue, expenses and surplus or deficits are organized by the following segments:

Administration and Governance:

Includes general operations, support, and financial management of the First Nation.

Health:

Funding and expenses related to facilitating various health programs for members of the First Nation.

Social Development:

Includes funding and expenses related to social assistance provided to members of the First Nation.

Public Works:

Operations related to public infrastructure, such as water systems, roads and bridges, and community buildings.

Education:

Includes funding and expenses related to the education of members of the First Nation, including post secondary education funding, workshops and seminars, and community events.

Employment Training:

Includes funding and expenses related to the employment training of members of the First Nation.

Band Housing:

Includes revenue and expenses related to band owned housing of the members of the First Nation.

Social Housing:

Includes revenue and expenses related to social housing of the members of the First Nation.

Treaty and Lands:

Funding and expenses related to various specific land claims filed by the First Nation with Canada.

Economic Development:

Includes revenue and expenditures related to the development of economic opportunities to members, as well as the activities related to the growth of revenue producing projects with the First Nation.

Fisheries:

Economic development operations related specifically to the development of the First Nation's fisheries department.

Community Trust Funds

Includes revenues and expenses related to the Pauquachin Legacy Trust.

BC Gaming

Includes revenue and expenses related to BC gaming revenue.

Family Support Services

Includes revenue and expenses related to Family Support Services.

15. Comparative figures

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

Pauquachin First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

16. Significant event

In early 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Pauquachin First Nation

Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2020

	<i>Buildings</i>	<i>Social Housing</i>	<i>Band Housing</i>	<i>Infrastructure</i>	<i>Equipment</i>	<i>Vehicles</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	2,199,591	2,835,976	2,292,394	2,553,872	159,225	28,496	10,069,554
Acquisition of tangible capital assets	-	-	17,123	-	21,150	-	38,273
Transfer	-	(985,087)	985,087	-	-	-	-
Balance, end of year	2,199,591	1,850,889	3,294,604	2,553,872	180,375	28,496	10,107,827
Accumulated amortization							
Balance, beginning of year	802,686	397,256	527,616	536,968	87,766	17,097	2,369,389
Annual amortization	83,256	59,643	52,861	54,108	11,693	5,699	267,260
Transfer	-	(256,917)	256,917	-	-	-	-
Balance, end of year	885,942	199,982	837,394	591,076	99,459	22,796	2,636,649
Net book value of tangible capital assets							
2019 Net book value of tangible capital assets	1,313,649	1,650,907	2,457,210	1,962,796	80,916	5,700	7,471,178
	1,396,905	2,438,720	1,764,778	2,016,904	71,459	11,399	7,700,165

Pauquachin First Nation

Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2020

	<i>Subtotal</i>	<i>Boat</i>	<i>Mobile Homes</i>	<i>Sacred Land</i>	<i>2020</i>	<i>2019</i>
Cost						
Balance, beginning of year	10,069,554	144,900	450,000	1,222,000	11,886,454	11,557,155
Acquisition of tangible capital assets	38,273	5,121	-	-	43,394	329,299
Transfer	-	-	-	-	-	-
Balance, end of year	10,107,827	150,021	450,000	1,222,000	11,929,848	11,886,454
Accumulated amortization						
Balance, beginning of year	2,369,389	14,491	432,923	-	2,816,803	2,530,991
Annual amortization	267,260	29,492	5,692	-	302,444	285,812
Transfer	-	-	-	-	-	-
Balance, end of year	2,636,649	43,983	438,615	-	3,119,247	2,816,803
Net book value of tangible capital assets	7,471,178	106,038	11,385	1,222,000	8,810,602	9,069,651
2019 Net book value of tangible capital assets	7,700,165	130,409	17,077	1,222,000	9,069,651	