



Pauquachin First Nation
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2022

Pauquachin First Nation
CONSOLIDATED FINANCIAL STATEMENTS
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For the year ended March 31, 2022

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CONSOLIDATED FINANCIAL STATEMENTS

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**Pauquachin First Nation
MARCH 31, 2022**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Pauquachin First Nation and all the information in this annual report are the responsibility of Chief and Council and have been approved by the Chief and Council.

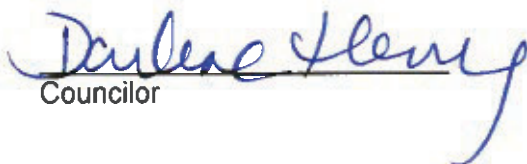
The financial statements have been prepared in conformity with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants and where appropriate, includes certain amounts based on management's best 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.

The Pauquachin First Nation's Chief and Council maintains systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Pauquachin First Nation's assets are appropriately accounted for and adequately safeguarded.

The Pauquachin First Nation's Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Chief and Council reviewed the Pauquachin First Nation's financial statements and recommends their approval. The management meets periodically with the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issued, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Chief and Council also considers the engagement of the external auditors.

The financial information has been audited by Ribeyre Chang Haylock, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards on behalf of the members. Ribeyre Chang Haylock has full and free access to Management.


Councilor


Councilor

INDEPENDENT AUDITOR'S REPORT

To: The Members of Pauquachin First Nation

Report on the Audit of the Consolidated Financial Statements

We have audited the consolidated financial statements of Pauquachin First Nation, which comprise the consolidated statement of financial position as at March 31, 2022 and March 31, 2021, and the consolidated statement of operations, net financial assets and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Pauquachin First Nation as at March 31, 2022 and March 31, 2021, and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

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 Entity 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 Summary Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 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 the Entity'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 Entity'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 the Entity 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.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Aaron Keetley, CPA, CA, CMA.

Port Coquitlam, B.C.
October 4, 2022

Ribeyre Chang Haylock
Chartered Professional Accountants



Pauquachin First Nation

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2022

Statement 1

	Note	2022	2021 Restated
Financial assets			
Cash	3	\$ 34,029,712	\$ 6,498,524
Accounts receivable	4	759,631	394,580
Temporary investments	5	1,915,207	1,914,895
Due from Pauquachin Legacy Trust	6	1,428,835	398,829
Investment in Government Business Enterprises	7	6,337,799	692,160
Trust moneys	8	98,982	96,230
		44,570,166	9,995,218
Financial liabilities			
Accounts payable and accrued liabilities		476,274	298,180
Deferred revenue	9	-	5,164,548
Long-term debt	10	1,409,530	1,487,034
Specific land claims loans	11	67,214	288,013
		1,953,018	7,237,775
Net financial assets		42,617,148	2,757,443
Non-financial assets			
Tangible capital assets	12	14,883,034	8,836,409
Prepaid expenses and deposits		100,394	13,417
Total non-financial assets		14,983,428	8,849,826
Accumulated surplus	13	\$ 57,600,576	\$ 11,607,269
Contingent liabilities	14		

See accompanying notes

Councilor

Councilor

Pauquachin First Nation

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended March 31, 2022	2022 Budget	2022	Statement 2 2021 Restated
Revenue			
Indigenous Services Canada	\$ 1,406,629	\$ 2,582,987	\$ 2,899,813
Canada Mortgage and Housing Corporation	57,816	223,679	58,663
First Nations Health Authority	769,739	1,001,941	873,587
BC First Nations Gaming Revenue Sharing	106,098	202,182	353,661
Capacity funding	-	-	275,000
Coast Salish Employment & Training Society	103,358	96,603	103,814
Deferred revenue - other	-	-	-
First Nations Education Steering Committee	41,901	68,000	96,162
Fisheries and Oceans Canada	910,000	976,902	932,299
Hatch Point Settlement	-	41,760,879	-
Interest	-	126,782	32,393
Earnings from First Nation business entities	-	123,913	256,827
Other revenue	283,250	6,351,859	352,621
Ottawa Trust Fund	-	2,752	2,007
Province of BC	30,000	120,689	212,658
Rental	142,870	169,211	198,535
Pauquachin Legacy Trust	-	1,428,835	398,829
	3,851,661	55,237,214	7,046,869
Expenses - Note 19			
Administration		1,069,083	1,733,037
Education and training		330,235	322,984
Health		488,343	550,303
Social development		1,066,406	906,332
Economic development		251,747	102,251
Housing		319,216	509,717
Lands and resources		669,496	661,463
Legacy trust		41,491	41,854
Treaty and negotiations		4,616,407	29,773
Tangible capital asset depreciation		391,483	292,448
		9,243,907	5,150,162
Annual surplus		45,993,307	1,896,707
Accumulated surplus, beginning as previously stated		11,460,552	9,710,562
Prior period adjustment - Note 20		146,717	
Accumulated surplus, beginning of year as restated		11,607,269	9,710,562
Accumulated surplus, end of year		\$ 57,600,576	\$ 11,607,269
<i>See accompanying notes</i>			

Pauquachin First Nation

CONSOLIDATED STATEMENT OF NET FINANCIAL ASSETS

For the year ended March 31, 2022

Statement 3

	2022 Budget	2022	2021 Restated
Annual surplus	\$ -	\$ 45,993,307	\$ 1,896,707
Changes in tangible capital assets			
Net acquisition of tangible capital assets	(6,438,108)	(6,438,108)	(318,257)
Amortization of tangible capital assets	391,483	391,483	292,448
	(6,046,625)	(6,046,625)	(25,809)
Changes in other non-financial assets			
Prepaid expenses and deposits	(86,977)	(86,977)	36,561
Increase in net financial assets	(6,133,602)	39,859,705	1,907,459
Net financial assets at beginning of year		2,757,443	849,984
Net financial assets at end of year		\$ 42,617,148	\$ 2,757,443

See accompanying notes

Pauquachin First Nation

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2022

Statement 4

	2022	2021 Restated
OPERATING ACTIVITIES		
Revenue received	\$ 48,329,833	\$ 11,431,931
Expenses paid	(8,737,485)	(4,650,861)
Interest paid on long-term debt	(23,822)	(24,518)
Cash provided by operating activities	39,568,526	6,756,552
INVESTING ACTIVITIES		
Investments in Government Business Enterprises	(5,521,726)	(285,333)
Purchase and construction of capital assets	(6,438,108)	(318,258)
Cash used in investing activities	(11,959,834)	(603,591)
FINANCING ACTIVITIES		
Advances from specific land claims loans	-	32,118
Repayment of long-term debt	(77,504)	(70,067)
Cash used in financing activities	(77,504)	(37,949)
Increase in cash during the year	27,531,188	6,115,012
Cash, beginning of year	6,498,524	383,512
Cash, end of year	\$ 34,029,712	\$ 6,498,524

See accompanying notes

Pauquachin First Nation

CONSOLIDATED FINANCIAL STATEMENTS

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The Pauquachin First Nation (the "First Nation") is an Indian Band as defined by the Indian Act located in the province of British Columbia. The First Nation provides various services to its members and manages various programs offered by Indigenous Services Canada (ISC) and other funding agents to benefit its members.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CICPA Public Sector Accounting and Auditing Handbook, which encompasses the following principles:

a) Reporting entity

The Pauquachin First Nation reporting entity includes the Pauquachin First Nation and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. Trusts administered on behalf of third parties by the First Nation are excluded from the reporting entity.

b) Use of estimates

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from the estimates.

c) Principles of consolidation

The Consolidated Financial Statements reflect the assets, liabilities, revenues, and expenses of entities which are controlled by the First Nation. Controlled entities are consolidated, except for government business enterprises which are accounted for via the modified equity method. All inter-fund and inter-organization transactions and balances have been eliminated on consolidation. Consolidated entities include Bokecen Xaxe (Sacred) Society.

The First Nation records its investments in government business enterprises (GBE's) on a modified equity basis. Under the modified equity basis, the GBE's accounting policies are not adjusted to conform with those of the First Nation and inter-entity transactions and balances are not eliminated. The First Nation recognizes its equity interest in the annual earnings or loss of the GBE's in its Consolidated Statement of Operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions that the First Nation may receive from the GBE's are reflected as deductions in the investment asset account.

Organizations accounted for on a modified equity basis include:

1. 1239774 B.C. Ltd. - 100%
2. 1228435 B.C. Ltd. - 100%

Pauquachin First Nation

CONSOLIDATED FINANCIAL STATEMENTS

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

d) 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.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

f) Revenue recognition

Government Funding

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria 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 revenues 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.

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 Revenue

Revenues are recognized in the period in which the transaction 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.

Investment Income

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

Other

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 being performed are deferred and recognized when the fee is earned or service is performed.

Pauquachin First Nation

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See Auditor's Report

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the assets.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital assets and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the First Nation's incremental cost of borrowing.

The First Nation's capitalization policy consists of a \$1,000 threshold. This threshold can be raised or lowered by management if they determine the item's purpose is of a nature that it shouldn't be capitalized despite costing more or should be capitalized despite costing less if it significantly improves the value of a larger asset.

Tangible capital assets are depreciated over their expected useful lives as follows:

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
Boats	5 years
Mobile homes	7-13 years

Depreciation is pro-rated in the year of acquisition. Assets under construction are not depreciated until the asset is available to be put into service. Tangible capital assets are written down when conditions indicate that they no longer contribute to the 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 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 be reasonably determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

Items inherited by the right of the First Nation, such as reserved land, forests, water and mineral resources are not recognized in the consolidated financial statements. 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.

Capital assets acquired as part of the Housing Reserves are recorded as assets of those funds.

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1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments

Financial instruments are initially classified upon initial recognition at fair value or as an amortized cost instrument. The fair value category includes investments in equity instruments that are quoted in an active market, and any other items elected by the First Nation to be recorded at fair value. All other financial instruments, including financial instruments with related parties for which fair value cannot be estimated, are recorded at amortized cost. Transaction costs directly attributable to the acquisition or issue of a financial instrument are added to the amortized cost or expensed if related to instruments recorded on a fair value basis. The effective interest rate method is used to measure interest for financial instruments recorded at amortized cost.

All financial assets are assessed for impairment on an annual basis.

The First Nation's financial instruments consist of cash and cash equivalents, accounts receivable, temporary investments, due from and to related entities, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, credit or currency risks arising from these financial instruments and the fair value of these financial instruments approximates their carrying values.

2. ECONOMIC DEPENDENCE

Pauquachin First Nation receives major portions of its revenue pursuant to funding arrangements with Indigenous Services Canada and First Nations Health Authority.

3. CASH AND CASH EQUIVALENTS

	2022	2021
Externally restricted		
CMHC Replacement Reserve	\$ 142,409	\$ 143,347
Unrestricted		
Cash and banks net of outstanding cheques	33,887,303	6,355,177
Total cash and cash equivalents	\$ 34,029,712	\$ 6,498,524

Pauquachin First Nation

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3. CASH AND CASH EQUIVALENTS (CONTINUED)

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds 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 Operating and Replacement Reserve.

Externally restricted - Operating Reserve:

At the year end, the reserve was under funded by \$190,091 (2021: underfunded by \$130,582).

Externally restricted - Replacement Reserve:

At the year end, the reserve was under funded by \$96,332 (2021: fully funded).

4. ACCOUNTS RECEIVABLE

	2022	2021
Due from members:		
Rent receivable	53,566	172,411
	53,566	172,411
Due from Government and other Government Organizations:		
Indigenous Services Canada	30,027	179,144
Canada Mortgage and Housing Corporation	170,203	4,889
Department of Fisheries and Oceans	-	75,219
First Nation Health Authority	2,025	-
Province of BC	30,000	-
	232,255	259,252
Due from others:		
Emergency Management BC	137,636	-
First Nations Education Steering Committee	2,000	-
Other	395,056	229,108
	534,692	229,108
	820,513	660,771
Allowance for doubtful accounts	(60,882)	(266,191)
	\$ 759,631	\$ 394,580

Pauquachin First Nation

CONSOLIDATED FINANCIAL STATEMENTS

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5. TEMPORARY INVESTMENTS

	2022	2021
RBC investment savings account	\$ 235,207	\$ 234,895
Term deposits maturing April 20, 2022 @ 0.40%	1,380,000	-
Term deposits maturing July 14, 2022 @ 0.40%	300,000	-
Term deposits maturing April 2021 @ 0.83%	-	1,380,000
Term deposits maturing July 14, 2021 @ 0.50%	-	300,000
	\$ 1,915,207	\$ 1,914,895

6. DUE FROM PAUQUACHIN LEGACY TRUST

The First Nation is the sole beneficiary of the Pauquachin Legacy Trust, an independently administered trust established by the First Nation pursuant to the settlement of a specific claim.

Advances due from the Pauquachin Legacy Trust are unsecured and without interest or any fixed terms of repayment.

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The First Nation's investment in government business enterprises consist of the following:

	2022	2021
1239774 B.C. Ltd. - 100%		
Shares	\$ 1	\$ 1
Accumulated equity	380,740	256,827
Advances	300,629	215,774
	\$ 681,370	\$ 472,602
1228435 B.C. Ltd. - 100%		
Shares	\$ 1	\$ 1
Accumulated equity	(39,069)	(1)
Advances	5,695,497	219,558
	5,656,429	219,558
	\$ 6,337,799	\$ 692,160

Pauquachin First Nation

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7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (CONTINUED)

Advances to Government Business Enterprises are unsecured and without interest or any fixed terms of repayment.

The financial information for 1239774 B.C. Ltd. and 1228435 B.C. Ltd. are not audited. The financial results of these entities have been recorded in the Consolidated Financial Statements using the modified equity method in accordance with Canadian public sector accounting standards.

Financial information for these Government Business Enterprises for their respective year ends is as follows:

	Assets	Liabilities	Revenue	Net Income
1239774 B.C. Ltd. - Dec 31, 2021	\$ 3,626,391	\$ 3,245,650	\$ 1,264,911	\$ 123,913
1228435 B.C. Ltd. - Dec 31, 2021	\$ 5,627,248	\$ 5,666,316	\$ -	\$ (37,069)

8. TRUST MONEYS

The Ottawa Trust accounts arise from moneys 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.

9. DEFERRED REVENUE

	2022	2021
Indigenous Services Canada	\$ -	\$ 93,712
Canada Mortgage and Housing Corporation	-	4,968,146
Fisheries and Oceans Canada	-	82,690
Other	-	20,000
	\$ -	\$ 5,164,548

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10. LONG-TERM DEBT

	2022	2021
CMHC Direct Lending Program - All Nations Trust Company - Mortgage payable with payments of \$2,939 per month including interest at 2.06% per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on November 1, 2037 and renewal on November 1, 2022.	\$ 472,143	\$ 497,441
CMHC Direct Lending Program - All Nations Trust Company - Mortgage payable with payments of \$3,498 per month including interest at 1.01% per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on August 1, 2041 and renewal on August 1, 2026.	739,977	780,423
Royal Bank of Canada - Loan payable with payments of \$1,358 per month including interest at 2.21% per annum, secured by a general security agreement and matures on April 1, 2036.	197,410	209,170
	\$ 1,409,530	\$ 1,487,034

Assuming long-term debt subject to renewals are renewed at equivalent terms, future principal payments for subsequent years are as follows:

2023	\$ 72,579
2024	73,738
2025	74,913
2026	76,109
2027	77,327
Subsequent	1,034,864
	\$ 1,409,530

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11. SPECIFIC LAND CLAIMS LOANS

The amounts below consist of various promissory notes signed on different dates. The promissory notes are due the earlier of five years from signing date or the date on which the claim is settled. If the loan becomes due and payable under the terms of the promissory notes while the claim is still in negotiation, the loan repayment dates will be extended by the earlier of five years or a period deemed appropriate to coincide with the anticipated claim settlement date.

	2022	2021
North Saanich Potatoe Field	\$ 67,214	\$ 67,214
Hatch Point IR 12	-	220,799
	\$ 67,214	\$ 288,013

**Pauquachin First Nation
CONSOLIDATED FINANCIAL STATEMENTS
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March 31, 2022

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12. TANGIBLE CAPITAL ASSETS

	2022								
	Beginning Cost	Additions	Disposal/ Transfer	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposal/ Transfer	Ending Accumulated Depreciation	Net Book Value
Buildings	\$ 2,228,431	\$ 565,317	\$ -	\$ 2,793,748	\$ 932,835	\$ 48,986	\$ -	\$ 981,821	\$ 1,811,927
Social housing	1,717,869	-	-	1,717,869	202,306	34,358	-	236,664	1,481,205
Band housing	3,427,624	5,561,796	50,000	9,039,420	948,430	125,368	-	1,073,798	7,965,622
Infrastructure	2,553,872	-	-	2,553,872	645,183	48,452	-	693,635	1,860,237
Equipment	240,594	178,274	-	418,868	118,231	43,622	-	161,853	257,015
Vehicles	127,851	9,153	-	137,004	38,432	20,322	-	58,754	78,250
Boats	229,864	123,568	-	353,432	81,971	64,683	-	146,654	206,778
Mobile homes	450,000	-	-	450,000	444,308	5,692	-	450,000	-
Sacred land	1,222,000	-	-	1,222,000	-	-	-	-	1,222,000
Work in progress	50,000	-	(50,000)	-	-	-	-	-	-
	\$ 12,248,105	\$ 6,438,108	\$ -	\$ 18,686,213	\$ 3,411,696	\$ 391,483	\$ -	\$ 3,803,179	\$ 14,883,034

	2021								
	Beginning Cost	Additions	Disposal/ Transfer	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposal/ Transfer	Ending Accumulated Depreciation	Net Book Value
Buildings	2,199,591	\$ 28,840	\$ -	2,228,431	\$ 885,943	\$ 46,892	\$ -	\$ 932,835	\$ 1,295,596
Social housing	1,850,889	-	(133,020)	1,717,869	199,982	31,722	29,398	202,306	1,515,563
Band housing	3,294,604	-	133,020	3,427,624	837,394	81,638	(29,398)	948,430	2,479,194
Infrastructure	2,553,872	-	-	2,553,872	591,075	54,108	-	645,183	1,908,689
Equipment	180,375	60,219	-	240,594	99,459	18,772	-	118,231	122,363
Vehicles	28,496	99,355	-	127,851	22,797	15,635	-	38,432	89,419
Boats	150,021	79,843	-	229,864	43,982	37,989	-	81,971	147,893
Mobile homes	450,000	-	-	450,000	438,615	5,693	-	444,308	5,692
Sacred land	1,222,000	-	-	1,222,000	-	-	-	-	1,222,000
Work in progress	-	50,000	-	50,000	-	-	-	-	50,000
	\$ 11,929,848	\$ 318,257	\$ -	\$ 12,248,105	\$ 3,119,247	\$ 292,449	\$ -	\$ 3,411,696	\$ 8,836,409

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13. ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2022	2021
Restricted		
Ottawa Trust Fund	\$ 98,981	\$ 96,229
Housing Reserves	515,662	336,188
Unrestricted		
Operations	43,577,632	3,825,476
Invested in tangible capital assets	13,408,301	7,349,376
	\$ 57,600,576	\$ 11,607,269

14. CONTINGENT LIABILITIES

Pauquachin First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements are subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, the First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on the First Nation's financial statements.

15. BUDGET INFORMATION

Budgeted figures are unaudited and have been derived from the estimates approved by the Chief and Council for comparison purposes. Individual program operations not showing budget information does not mean budgets were not prepared but rather that their amounts were not readily determinable.

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16. RELATED PARTY TRANSACTIONS

During the year ended March 31, 2022, the First Nation entered into transactions with related parties as follows:

1. The First Nation paid \$4,530 (2021: nil) for accounting fees for 1239774 B.C. Ltd. and 0843898 B.C. Ltd.
2. The First Nation charged \$80,325 (2021: \$63,750) for management fees to 1239774 B.C. Ltd.
3. The First Nation paid \$5,380,000 (2021: nil) for a loan and \$43,047 (2021: nil) of interest for 1228435 B.C. Ltd.
4. The First Nation paid \$49,291 (2021: \$19,558) of expenses on behalf of 1228435 B.C. Ltd.

These transactions are in the normal course of operations and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

17. COMPARATIVE AMOUNTS

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

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18. FINANCIAL INSTRUMENTS

Risk management policy

The First Nation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2022.

Credit risk

The carrying value of the First Nation's main financial assets represents the maximum credit risk to which the band is exposed.

Liquidity risk

Pauquachin First Nation considers that it has sufficient credit facilities to ensure that funds are available to meet its current and long-term financial needs, at a reasonable cost.

Market risk

The First Nation is exposed to interest rate risk on its fixed-interest and variable-interest financial instruments. Fixed-interest instruments subject the band to fair value risk while the variable-interest instruments subject it to cash flow risk.

The following table summarizes the contractual maturities of the financial liabilities as at March 31, 2022.

	Carrying Amount	Contractual cash flows	Within 1 year	2 to 5 years	Subsequent
Accounts payable and accrued expenses	\$ 476,274	\$ 476,274	\$ 476,274	\$ -	\$ -
Long-term debt	1,409,530	1,597,167	93,546	374,185	1,129,435
	<u>\$ 1,885,804</u>	<u>\$ 2,073,441</u>	<u>\$ 569,820</u>	<u>\$ 374,185</u>	<u>\$ 1,129,435</u>

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19. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2022 Budget	2022	2021
Bad debt expense	\$ -	\$ (127,683)	\$ 61,458
Bank charges and interest	104,204	9,176	8,902
Capital purchases	5,732,816	5,964,169	154,106
Community support and cultural awareness	77,376	85,804	65,168
Contract and consulting services	1,961,256	1,172,970	542,090
Contract and consulting - homemakers	36,532	18,905	9,119
Depreciation expense	-	391,483	292,448
Distributions to members	41,000	4,563,940	137,437
Election expenses	-	-	13,815
Equipment lease	93,045	2,362	13,699
Health services to members	37,070	45,405	125,286
Honorariums	232,031	221,345	171,005
Insurance	59,488	165,421	122,731
Interest on long-term debt	-	23,822	24,518
Licenses, fees, and dues	10,725	5,108	6,078
Meetings expense	34,290	6,168	5,862
Office and other	213,023	51,898	169,357
Professional fees	112,191	110,603	135,303
Rent	36,341	22,790	16,886
Repairs and maintenance	176,265	198,248	192,886
Replacement reserve allocation	51,554	25,732	-
Social assistance to members	575,756	821,921	776,411
Supplies	453,287	497,561	422,343
Transportation and travel	37,873	24,431	18,379
Tuition and training	216,238	120,799	139,737
Uncategorized amounts	-	(301,907)	-
Utilities	130,323	207,470	157,336
Wages and benefits	1,459,790	1,354,074	1,396,642
Construction, property and equipment acquisition	-	(6,438,108)	(28,840)
		\$ 9,243,907	\$ 5,150,162

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20. PRIOR PERIOD ADJUSTMENTS

Subsequent to the release of the March 31, 2022 Pauquachin First Nation Consolidated Financial Statements, information became available that required adjustments to the fiscal 2021 figures presented. These adjustments include:

- 1) Adjusting an error identified with the cash balance by \$35,533.
- 2) Adjusting an error identified with the temporary investments by \$11,795.
- 3) Reversing a recovery balance for FNHA of \$14,627.
- 4) Adjusting the accumulated amortization of the buildings by \$36,636 for an over-depreciated asset.
- 5) Adjusting the cost of the buildings by \$28,840 for an asset previously expensed.
- 6) Adjusting intercompany balance for legal fees paid on behalf of 1228435 B.C. Ltd. by \$19,558.

A summary of the changes are as follows:

SUMMARY STATEMENT OF FINANCIAL POSITION

	2021 <i>As previously stated</i>	<i>Changes</i>	2021 <i>Restated</i>
Financial assets			
Cash	6,462,991	35,533	6,498,524
Temporary investments	1,903,100	11,795	1,914,895
Investment in Government Business Enterprises	672,602	19,558	692,160
Accounts payable and accrued liabilities	312,807	(14,627)	298,180
Net financial assets	2,675,930	81,513	2,757,443
Non-financial assets			
Tangible capital assets	8,771,205	65,204	8,836,409
Accumulated surplus	\$ 11,460,552	146,717	\$ 11,607,269

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20. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

SUMMARY STATEMENT OF OPERATIONS

	2021		2021
	<i>As previously stated</i>	<i>Changes</i>	<i>Restated</i>
Revenue			
First Nations Health Authority	858,960	14,627	873,587
Interest	20,598	11,795	32,393
Expenses			
Administration	1,797,410	(64,373)	1,733,037
Legacy trust	61,412	(19,558)	41,854
Tangible capital asset depreciation	328,812	(36,364)	292,448
Annual surplus	1,749,990	146,717	1,896,707
Accumulated surplus, end of year	\$ 11,460,552	146,717	\$ 11,607,269

SUMMARY STATEMENT OF NET FINANCIAL ASSETS

	2021		2021
	<i>As previously stated</i>	<i>Changes</i>	<i>Restated</i>
Annual surplus	\$ 11,460,552	146,717	\$ 11,607,269
Increase in net financial assets	1,825,946	81,513	1,907,459
Net financial assets at end of year	\$ 2,675,930	81,513	\$ 2,757,443