



Pauquachin First Nation
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2023



Pauquachin First Nation
CONSOLIDATED FINANCIAL STATEMENTS
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For the year ended March 31, 2023

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CONSOLIDATED FINANCIAL STATEMENTS

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Pauquachin First Nation
MARCH 31, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Pauquachin First Nation 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.

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 Pauquachin First Nation's assets are appropriately accounted for and adequately safeguarded.

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.

Chief and Council reviewed 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. Chief and Council also consider 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.


Chief


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, 2023 and March 31, 2022, 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, 2023 and March 31, 2022, 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 3, 2023

Ribeyre Chang Haylock
Chartered Professional Accountants

Pauquachin First Nation
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2023

Statement 1

	Note	2023	2022
Financial assets			
Cash	3	\$ 37,093,254	\$ 34,029,712
Accounts receivable	4	109,339	759,631
Temporary investments	5	1,918,389	1,915,207
Due from Pauquachin Legacy Trust	6	335,595	1,428,835
Inventory		35,018	-
Investment in Government Business Enterprises	7	788,572	681,370
Trust moneys	8	102,951	98,982
		40,383,118	38,913,737
Financial liabilities			
Accounts payable and accrued liabilities		874,189	543,518
Deferred revenue	9	813,402	-
Long-term debt	10	1,338,134	1,409,530
Specific land claims loans	11	112,342	67,214
		3,138,067	2,020,262
Net financial assets		37,245,051	36,893,475
Non-financial assets			
Tangible capital assets	12	21,513,177	20,599,599
Prepaid expenses and deposits		164,417	105,946
Total non-financial assets		21,677,594	20,705,545
Accumulated surplus	13	\$ 58,922,645	\$ 57,599,020
Contingent liabilities	14		

See accompanying notes


 Chief Councilor


 Councilor

Pauquachin First Nation
CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended **March 31, 2023**

Statement 2

	2023 Budget	2023	2022
Revenue			
Indigenous Services Canada	\$ 1,598,925	\$ 3,643,364	\$ 2,582,987
Canada Mortgage and Housing Corporation	-	60,225	223,679
First Nations Health Authority	607,355	886,388	1,001,941
BC First Nations Gaming Revenue Sharing	354,579	474,079	202,182
Coast Salish Employment & Training Society	103,358	100,370	96,603
Deferred revenue	-	(802,532)	5,164,548
First Nations Education Steering Committee	-	177,036	68,000
Fisheries and Oceans Canada	1,053,600	1,258,914	976,902
Hatch Point Settlement	-	-	41,760,879
Interest	80,000	935,747	126,782
Earnings from First Nation business entities	-	108,057	204,238
Other revenue	6,964,522	468,808	1,146,054
Ottawa Trust Fund	-	3,969	2,753
Province of BC	88,759	126,789	120,689
Rental	-	225,178	169,211
Pauquachin Legacy Trust	-	335,595	1,428,835
	10,851,098	8,001,987	55,276,283
Expenses - Note 19			
Administration	1,506,343	1,069,084	
Education and training	337,030	330,235	
Health	531,228	488,343	
Social development	1,272,614	1,066,406	
Economic development	439,303	292,371	
Housing	398,860	319,216	
Lands and resources	1,088,113	669,496	
Legacy trust	145,394	41,491	
Treaty and negotiations	295,828	4,616,407	
Tangible capital asset depreciation	663,649	391,483	
	6,678,362	9,284,532	
Annual surplus	1,323,625	45,991,751	
Accumulated surplus, beginning of year	57,599,020	11,607,269	
Accumulated surplus, end of year	\$ 58,922,645	\$ 57,599,020	

See accompanying notes

Pauquachin First Nation
CONSOLIDATED STATEMENT OF NET FINANCIAL ASSETS

For the year ended March 31, 2023

Statement 3

	2023 Budget	2023	2022
Annual surplus	\$ -	\$ 1,323,625	\$ 45,991,751
Changes in tangible capital assets			
Net acquisition of tangible capital assets	(1,577,227)	(1,577,227)	(12,154,673)
Amortization of tangible capital assets	663,649	663,649	391,483
	(913,578)	(913,578)	(11,763,190)
Changes in other non-financial assets			
Prepaid expenses and deposits	(58,471)	(58,471)	(92,529)
Increase in net financial assets	(972,049)	351,576	34,136,032
Net financial assets at beginning of year		36,893,475	2,757,443
Net financial assets at end of year		\$ 37,245,051	\$ 36,893,475

See accompanying notes

Pauquachin First Nation
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2023

Statement 4

	2023	2022
OPERATING ACTIVITIES		
Revenue received	\$ 10,443,713	\$ 48,288,577
Expenses paid	(5,765,473)	(8,728,480)
Interest paid on long-term debt	(12,058)	(11,760)
Cash provided by operating activities	4,666,182	39,548,337
INVESTING ACTIVITIES		
Investments in Government Business Enterprises	855	215,028
Purchase and construction of capital assets	(1,577,227)	(12,154,673)
Cash used in investing activities	(1,576,372)	(11,939,645)
FINANCING ACTIVITIES		
Advances from specific land claims loans	45,128	-
Repayment of long-term debt	(71,396)	(77,504)
Cash used in financing activities	(26,268)	(77,504)
Increase in cash during the year	3,063,542	27,531,188
Cash, beginning of year	34,029,712	6,498,524
Cash, end of year	\$ 37,093,254	\$ 34,029,712

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 by third parties on behalf of 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 and 1228435 B.C. Ltd.

The First Nation records its investments in government business enterprises (GBEs) on a modified equity basis. Under the modified equity basis, the GBEs 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 GBEs 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 GBEs are reflected as reductions in the investment asset account.

Organizations accounted for on a modified equity basis include:

1. 1239774 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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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.

Pauquachin First Nation

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

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.

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.

i) Inventory

Inventories are measured at the lower of cost and net realizable value. The cost is determined using the first-in, first-out method for finished goods and work in progress. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and costs necessary to make the sale. When the reversal of previously written down inventories is recognized, this reversal is recognized in the annual surplus in the statement of operations.

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.

Pauquachin First Nation
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3. CASH AND CASH EQUIVALENTS

	2023	2022
Externally restricted		
CMHC Replacement Reserve	\$ 142,987	\$ 142,409
Unrestricted		
Cash and banks net of outstanding cheques	36,950,267	33,887,303
Total cash and cash equivalents	\$ 37,093,254	\$ 34,029,712

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 \$188,871 (2022: under funded by \$190,091).

Externally restricted - Replacement Reserve:

At the year end, the reserve was under funded by \$89,299 (2022: \$96,332).

Pauquachin First Nation
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4. ACCOUNTS RECEIVABLE

	2023	2022
Due from members:		
Rent receivable	149,718	131,192
Due from Government and other Government Organizations:		
Indigenous Services Canada	8,631	30,027
Canada Mortgage and Housing Corporation	5,261	170,203
First Nation Health Authority	2,025	2,025
Province of BC	-	30,000
	15,917	232,255
Due from others:		
Emergency Management BC	-	137,636
First Nations Education Steering Committee	-	2,000
Other	76,233	395,056
	76,233	534,692
	241,868	898,139
Allowance for doubtful accounts	(132,529)	(138,508)
	\$ 109,339	\$ 759,631

5. TEMPORARY INVESTMENTS

	2023	2022
RBC investment savings account	\$ 238,389	\$ 235,207
Term deposits maturing April 20, 2023 @ 0.75%	1,380,000	-
Term deposits maturing July 16, 2023 @ 0.75%	300,000	-
Term deposits maturing April 20, 2022 @ 0.83%	-	1,380,000
Term deposits maturing July 14, 2022 @ 0.50%	-	300,000
	\$ 1,918,389	\$ 1,915,207

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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:

	2023	2022
1239774 B.C. Ltd. - 100%		
Shares	\$ 1	\$ 1
Accumulated equity	277,797	380,740
Advances	510,774	300,629
	<hr/> \$ 788,572	<hr/> \$ 681,370

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

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

Financial information for the Government Business Enterprise for its year end is as follows:

	Assets	Liabilities	Revenue	Loss
1239774 B.C. Ltd. - Dec 31, 2022	\$ 3,692,739	\$ 3,414,943	\$ 1,275,946	\$ (102,943)

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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

	2023	2022
Indigenous Services Canada		
CFS Prevention	\$ 516,536	\$ -
FN Representative Service	74,712	-
Prevention Projects	6,985	-
Construction	80,000	-
First Nation Education Steering Committee	124,299	-
Rent	10,870	-
	<hr/>	<hr/>
	\$ 813,402	\$ -

10. LONG-TERM DEBT

	2023	2022
CMHC Direct Lending Program - All Nations Trust Company - Mortgage payable with payments of \$3,354 per month including interest at 3.98% per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on November 1, 2037 and renews on November 1, 2027.	\$ 447,484	\$ 472,143
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 renews on August 1, 2026.	705,298	739,977
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 maturing on April 1, 2036.	185,352	197,410
	<hr/>	<hr/>
	\$ 1,338,134	\$ 1,409,530

Pauquachin First Nation
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10. LONG-TERM DEBT (CONTINUED)

Future principal payments for subsequent years are as follows:

2024	\$ 65,304
2025	66,654
2026	68,042
2027	69,470
2028	70,940
Subsequent	<u>997,724</u>
	<hr/> <u>\$ 1,338,134</u>

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.

	2023	2022
North Saanich Potato Field	<u>\$ 112,342</u>	<u>\$ 67,214</u>

Pauquachin First Nation
CONSOLIDATED FINANCIAL STATEMENTS
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12. TANGIBLE CAPITAL ASSETS

	2023										Net Book Value
	Beginning Cost	Additions	Disposal/Transfer	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposal/Transfer	Ending Accumulated Depreciation			
Buildings	\$ 3,962,371	\$ 1,367,887	\$ -	\$ 5,330,258	\$ 981,821	\$ 52,132	\$ -	\$ 1,033,953	\$ 4,296,305		
Social housing	1,717,869	-	-	1,717,869	236,664	34,358	-	271,022	1,446,847		
Band housing	9,039,420	9,215	-	9,048,635	1,073,798	361,905	-	1,435,703	7,612,932		
Infrastructure	2,553,872	74,259	-	2,628,131	693,635	53,578	-	747,213	1,880,918		
Equipment	434,548	95,548	-	530,096	161,853	69,198	-	231,051	299,045		
Vehicles	137,004	-	-	137,004	58,754	21,702	-	80,456	56,548		
Boats	353,432	30,318	-	383,750	146,654	70,776	-	217,430	166,320		
Mobile homes	450,000	-	-	450,000	450,000	-	-	450,000	-		
Sacred land	1,222,000	-	-	1,222,000	-	-	-	-	-	1,222,000	
Land	4,532,262	-	-	4,532,262	-	-	-	-	-	4,532,262	
	\$ 24,402,778	\$ 1,577,227	\$ -	\$ 25,980,005	\$ 3,803,179	\$ 663,649	\$ -	\$ 4,466,828	\$ 21,513,177		

Pauquachin First Nation
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12. TANGIBLE CAPITAL ASSETS (CONTINUED)

	Beginning Cost	Additions	Disposal/Transfer	Ending Cost	2022			Disposal/Transfer	Ending Accumulated Depreciation	Net Book Value
					Beginning Accumulated Depreciation	Depreciation	Ending Accumulated Depreciation			
Buildings	2,228,431	\$ 1,733,940	\$ -	3,962,371	\$ 932,835	\$ 48,986	\$ -	\$ 981,821	\$ 2,980,550	
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	193,954	-	434,548	118,231	43,622	-	161,853	272,695	
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	
Land	-	4,532,262	-	4,532,262	-	-	-	-	4,532,262	
Work in progress	50,000	-	(50,000)	-	-	-	-	-	-	
	\$ 12,248,105	\$ 12,154,673	\$ -	\$ 24,402,778	\$ 3,411,696	\$ 391,483	\$ -	\$ 3,803,179	\$ 20,599,599	

Included in buildings is \$1,824,450 (2022 - \$571,837) of capital assets that are under construction. No depreciation is recorded until assets are put into use.

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13. ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2023	2022
Restricted		
Ottawa Trust Fund	\$ 102,951	\$ 98,982
Housing Reserves	507,987	515,662
Unrestricted		
Operations	38,136,663	37,794,306
Invested in tangible capital assets	20,175,044	19,190,070
	<hr/> \$ 58,922,645	<hr/> \$ 57,599,020

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, 2023, the First Nation entered into transactions with related parties as follows:

- The First Nation charged \$211,000 (2022: \$80,325) for management fees to 1239774 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.

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, 2023.

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, 2023.

	Carrying Amount	Contractual cash flows	Within 1 year	2 to 5 years	Subsequent
Accounts payable and accrued expenses	\$ 874,189	\$ 874,189	\$ 874,189	\$ -	\$ -
Long-term debt	1,338,134	1,338,134	65,304	275,106	997,724
	\$ 2,212,323	\$ 2,212,323	\$ 939,493	\$ 275,106	\$ 997,724

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19. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2023 Budget	2023	2022
Bad debt expense (recovery)	\$ -	\$ (5,979)	\$ (127,683)
Bank charges and interest	9,500	7,958	9,177
Capital purchases	8,536,400	997,425	11,616,490
Community support and cultural awareness	49,142	73,941	85,804
Contract and consulting services	556,237	1,228,484	1,237,214
Contract and consulting - homemakers	36,532	28,747	18,905
Depreciation expense	-	663,649	391,483
Distributions to members	25,000	372,044	4,563,940
Elections	-	9,233	-
Equipment lease	21,000	22,572	2,362
Health services to members	37,070	68,563	45,405
Honoraria	262,930	267,098	221,345
Insurance	56,950	210,757	165,421
Interest on long-term debt	-	24,458	23,822
Licenses, fees, and dues	10,000	17,563	5,108
Meetings	39,540	20,136	6,168
Office and other	49,822	67,280	52,233
Professional fees	110,691	196,107	119,854
Property taxes	-	-	31,038
Rent	2,500	-	22,790
Repairs and maintenance	197,311	345,718	223,980
Replacement reserve allocation	-	7,680	-
Restoration costs	-	80,000	-
Social assistance to members	560,555	1,151,691	821,921
Supplies	359,339	225,020	497,561
Transportation and travel	91,645	93,106	24,431
Tuition and training	213,409	318,501	120,799
Uncategorized amounts	-	-	(301,907)
Utilities	209,850	305,259	207,470
Wages and benefits	1,642,942	1,458,578	1,354,074
Construction, property and equipment acquisition	-	(1,577,227)	(12,154,673)
	\$ 6,678,362	\$ 9,284,532	

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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

	2022 As previously stated	2022 Changes	2022 Restated
Financial assets			
Cash	6,462,991	27,566,721	34,029,712
Temporary investments	1,903,100	12,107	1,915,207
Investment in Government Business Enterprises	672,602	4,968	677,570
Accounts payable and accrued liabilities	312,807	230,711	543,518
Net financial assets	2,675,930	81,513	2,757,443
Non-financial assets			
Tangible capital assets	8,771,205	11,828,394	20,599,599
Accumulated surplus	\$ 11,460,552	146,717	\$ 11,607,269

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20. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

SUMMARY STATEMENT OF OPERATIONS

	2022 <i>As previously stated</i>	Changes	2022 <i>Restated</i>
Revenue			
First Nations Health Authority	858,960	142,981	1,001,941
Interest	20,598	106,184	126,782
<hr/>			
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
<hr/>			
Annual surplus	1,749,990	146,717	1,896,707
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Accumulated surplus, end of year	\$ 11,460,552	146,717	\$ 11,607,269

SUMMARY STATEMENT OF NET FINANCIAL ASSETS

	2022 <i>As previously stated</i>	Changes	2022 <i>Restated</i>
Annual surplus			
	\$ 11,460,552	146,717	\$ 11,607,269
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Increase in net financial assets	1,825,946	81,513	1,907,459
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Net financial assets at end of year	\$ 2,675,930	81,513	\$ 2,757,443